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FINANCIAL TIMES

Europe's Business Newspaper | MONDAY MAY 23 1994 | D8523A

Eurotunnel on track for $1.27bn rights issue

Eurotunnel, operator of the Channel tunnel, plans to launch its £850m ($1.27bn) rights issue this week, having received promises from its syndicate of 220 banks that they will provide £700m of senior bank debt. The company's financial advisers, Morgan Grenfell and Warburg in the UK and Banque Indosuez in France, are in the process of finding underwriters for the company's biggest ever share issue.

UK Conservatives split: The UK's ruling Conservative party was trying to mend a renewed split over Europe as the Liberal Democrats, Britain's centre party, pledged a referendum on further moves towards integration. Page 16

New car sales rises predicted: New car sales worldwide are expected to rise 5.4 per cent this year to 34.95m, after three years of falling demand. Sustained growth in demand during 1994 is expected, rising to record levels throughout the second half of the 1990s. Page 16

Rwanda rebels capture Kigali barracks: Rwandan rebels seized government army barracks in Kigali, removing the biggest obstacle in their drive to capture the capital. Page 6

Ulster loyalists claim Dublin attack: The loyalist Ulster Volunteer Force claimed responsibility for a gun and bomb attack on a Sinn Féin fund-raising event in Dublin in which one man was killed and a second wounded.

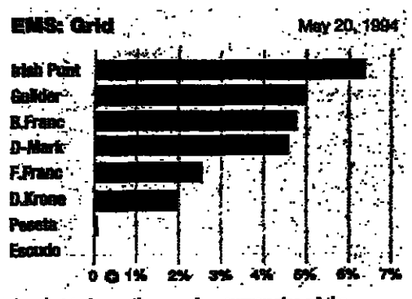
Beidh to lead new Yemeni state: South Yemen's political leaders kept up defiance of northern ruler General Ali Abdullah Saleh by forming a new five-man presidential council, which then elected the southern leader, Ali Salem al-Beidh, president of the new state. In Aden, stronghold of the southern forces, four people were killed and nine seriously injured when a northern missile struck. Page 5; South Yemenis rejoice at move to end union, Page 5

ARM licensee chip to Samsung: Acorn Risc Machines (ARM), the UK company that designed the silicon chip which powers Apple's Newton electronic notepad, said it has licensed its microprocessor technology to Samsung Electronics of South Korea, the world's seventh-largest semiconductor manufacturer. Page 17

Bosch-Siemens seeks acquisitions: Bosch-Siemens Hausgeräte, Germany's largest producer of white goods, is seeking acquisitions in the UK, France and Italy to strengthen its position in the fiercely-competitive DM45bn ($27bn) European market. Page 17

Singapore Telecom rises 19.5%: Singapore Telecom (ST), the partly privatised telecommunications and posts company, has announced annual pre-tax profits of S$1.55bn ($1bn), a 19.5 per cent rise. Page 17

European Monetary System: The order of currencies in the EMS grid remained unchanged last week. The peseta and the escudo remained at the bottom, with all the other currencies appreciating further against them. Currencies, Page 29



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

Ramaphosa to head constitution body: The African National Congress named Cyril Ramaphosa, the party's secretary-general, as chairman of South Africa's Constituent Assembly to write the country's new constitution.

UN tightens Haiti sanctions: Tougher international economic sanctions went into effect against Haiti after leaders of the military junta failed to leave the country by a United Nations deadline of May 21. But there was little assurance the sanctions would be more effective than their predecessors. Page 6

Israeli troops alerted: Troops in Israel's south Lebanon security zone and along the international border were placed on heightened alert, after Lebanese Moslem militants threatened to avenge the kidnapping by Israel of Mustapha Dirani, leader of the pro-Iranian Faithful Resistance guerrilla movement. Page 5

Malaysia may end UK ban: Mahathir Mohamad, Malaysian prime minister, has hinted that his government might consider lifting its ban on offering government contracts to British companies. Page 4

India brokers braced: Indian stockbrokers are bracing themselves for a difficult week after the collapse of talks on ending a two-month ban on forward trading. Page 4

Australia opposition leader contest: Months of speculation over John Hewson's leadership of Australia's federal opposition comes to a head today. Page 4

Austria	Sch32	Greece	Dr300	Lux	Lfr65	Qatar	QR13.00
Belgium	Bfr65	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Canaries	Pta300	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Denmark	Dkr16.00	Iceland	Ikr215	Neth	Fl 4.00	Slovak Rp	KSL50
Egypt	LE1.75	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Cyprus	C£1.20	Ireland	IR£1.20	Norway	Nkr17.00	Spain	Pta225
Czech Rp	CZK50	Israel	Shk8.50	Oman	OR1.50	Sweden	Skr16
Denmark	Dkr16	Italy	L3000	Pakistan	Rs40	Switz	SFr3.30
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Syria	S£50.00
Finland	FM14	Jordan	JD1.50	Poland	Zl 32,000	Tunisia	Din1.500
France	FR9.00	Kuwait	Fils625	Portugal	Es225	Turkey	L30000
Germany	DM3.50	Lebanon	US$1.50			UAE	Dh12.00

Cycling nymph rides into López legal battle

Christopher Parkes reports on VW's latest manoeuvres in its dispute with GM

In the lengthening drama of the López affair, there have already been many episodes in which things have not always been quite what they seemed. So it was with the cycling nymph, the muscular detective, the silent Swede and the sacked motor industry executive who joined the saga last week.

They made their entrances in a scene carefully stage-managed by Volkswagen, the automotive group whose production chief, Mr José Ignacio López de Arriortúa, is under criminal investigation based on suspicions that he and colleagues stole industrial secrets from their former employer, General Motors.

Adam Opel, GM's German subsidiary, got wind of things to come when it received a list of questions from Stern, the popular weekly magazine, from which it was apparent that Stern, working with the ARD television station, had learnt that Opel lawyers last year set private detectives on the suspects' trail.

Spiegel magazine, always well informed on the case, ran a pre-emptive story in its May 16 issue, featuring a girl and her bicycle. Ms X, working for the PSS private detective agency, last summer apparently suffered a puncture outside a Braunschweig house occupied by two of Mr López's lieutenants and fellow suspects, Mr Rosario Piazza and Mr Jorgé Alvarez.

The gallant young Piazza helped, driving her back to her hotel. Telephone numbers were exchanged, and there versions of subsequent events diverge sharply.

On May 17, Volkswagen moved. The suspects' five lawyers issued a statement directed at Ms Dorothea Holland, the state prosecutor in charge of the official case. It listed a series of "indications" calling into question her impartiality and professional standards in relation to the activities of the cyclist and her fellow private eye, Mr Jean-Louis Royet.

The thrust of the claims was that information on the use of private detectives and the information they gathered had been kept – against the rules – from VW's legal representatives. Mr Gerhard Schröder, and a member of the VW supervisory board and prime minister of the state of Lower Saxony, which owns 20 per cent of VW, simultaneously broke months of silence with a suggestion that the official investigation should be closed. Mr Royet, a heftily built martial arts fan and a part-time private detective at PSS (run by his wife, Dagmar) had in the interim also proved to be a full-time officer in the Rhineland-Pfalz state criminal investigation bureau. The exposé was to cost him his badge.

He made his first full appearance in the ARD broadcast, "The Battle of the Giants", transmitted last Wednesday. He had been photographed at work last summer in Braunschweig. Also featured was an indignant Mr Eberhard Kempf, the lawyer acting for Mr Alvarez, who also (as Opel pointed out) had acted for the journalist who made the programme.

Then there was another new character, Mr Hans Hüskes, recently fired from his post as a senior executive at GM Europe. He, as GM was to reveal in the interim, was being investigated by the Swiss authorities for unspecified alleged professional crimes.

His contribution to the film comprised mainly a declaration of faith in Mr López. He provided a human touch in a programme dominated by journalistic speculation and interspersed with shots of four cardboard boxes which once contained documents and other data allegedly stolen from GM. Found last June, they are now held in a police evidence

Continued on Page 16

Fraternal greeting: Johannes Rau (left), the German Social Democratic party's candidate for the presidency of the country, is welcomed to an SPD meeting in Berlin by his party leader, Rudolf Scharping. Today the electoral assemby meets to choose the successor to the current president, Richard von Weizsäcker Picture: Reuter

EC seeks to speed up single market by listing laggards

Official warns: 'We are going to name names'

By Emma Tucker in Brussels

The European Commission is to publish a rogues gallery of member states with the worst records on adopting EU legislation, amid concerns that offending nations are holding up completion of the single market.

A senior single market official said: "We are going to name names, and publish tables that show, in declining order, the performance by the different states in different areas. It is time people realised who has done what they were supposed to do, and who hasn't."

The use of public humiliation tactics to highlight performance in specific areas, such as banking, comes 18 months after barriers to trade and free movement in the EU were supposed to come down. Some senior officials have expressed concern that impetus for the project is slackening.

The move is part of an overall effort by Mr Raniero Vanni D'Archirafi, internal market commissioner, to maintain momentum behind Europe's grand project.

Other measures include the launch of "internal market weeks" in the 12 member states, during which citizens and enterprises will have access to Commission experts via a telephone hotline. It will also provide feedback for the Commission on how the project is working.

Although four-fifths of the necessary legislation has been adopted by member states, the Commission is concerned that in certain areas - particularly banking, other financial services and public procurement - countries have dragged their feet.

The exercise is planned as a follow-up to next month's ministerial meeting on the internal market in Luxembourg. Generally, assessments show that Denmark and the UK have been quickest to adopt Commission legislation on the single market, while Greece and Spain have been the laggards. Italy after a surprise effort in the second half of last year, is somewhere in the middle.

An analysis of individual sectors shows sharply diverging performances. Germany, for example, has still to adopt nine directives on public procurement. Greece and Germany have also been sent warning letters over their failure to adopt certain banking directives.

"From June onwards we will turn up the spotlight and really try to push people to finish all the unfinished business," the official said. "In the past, people have tried to avoid being bottom of the league. Now we are going to move the debate away from who is top and who is bottom to focusing on what is happening in certain key areas."

Another area of particular concern to single market officials is the high number of complaints about remaining technical barriers to trade. There is also significant grievance over the failure of member states to mutually recognise each other's national product standards.

The official added: "We have a problem with mutual recognition where people are supposed to accept products that have been recognised in one country in another. It is clear that this principle is very foreign to your average local inspector."

Treuhand to finance steel mill for two months

By Judy Dempsey in Berlin

Treuhand, the German privatisation agency, will for the next two months finance Eko Stahl, eastern Germany's loss-making steel mill, after the recent decision by Riva, the Italian privately owned steel manufacturers, not to buy the facility.

The steel complex is losing DM150m ($90m) a year on a turnover of DM1bn.

At the same time, Treuhand is still determined to find a buyer for the mill, in spite of comments expressed by Mr Karel Van Miert, the European Union's competition commissioner, who said last week that the EU's rescue package for steel was dead.

The original EU package, announced last December, envisaged cutting 25m-30m tonnes of crude steel capacity out of a total 170m tonnes.

Among the measures included in the arrangement was backing for a DM813m investment and modernisation plan by the German government for Eko Stahl, which is located in Eisenhüttenstadt, close to the Polish border.

That plan had been contingent on Treuhand's selling the mill to Riva, which in turn would have invested more than DM1bn in transforming Eko Stahl into an integrated steel mill producing 900,000 tonnes of steel a year.

Continued on Page 16

Moscow summit seeks to defuse Crimean tension

By John Lloyd in Moscow and Jill Barshay in Kiev

The prime ministers of Russia and Ukraine hold urgent talks in Moscow today in an attempt to relieve mounting tension in Crimea, amid predictions that confrontation between the two Slav states over the fate of the disputed peninsula might lead to bloodshed.

Tension was fuelled on Friday when the Crimean parliament voted to unfreeze a two-year-old decision to adopt a separate constitution, - an act viewed by Ukraine as tantamount to a declaration of independence.

A delegation of Crimean deputies led by Mr Sergei Tsekov, the speaker of parliament, will meet leading Ukrainian deputies in Kiev tomorrow.

The rhetoric – if not so far the actions – has been threatening on both sides.

Mr Mykola Mykhalchenko, the domestic-policy adviser to Ukraine's president, Mr Leonid Kravchuk, said at the weekend that "it is time to remind world opinion that Ukraine is a nuclear power".

General Pavel Grachev, the Russian defence minister, said that if Ukrainian troops were sent into Crimea to enforce Ukrainian rule, "conflict is inevitable". Reports of Ukrainian special forces moving into the peninsula have been denied in Kiev – as have Ukrainian reports of a tank and a missile battalion being moved in by the pro-Russian Black Sea Fleet command.

However, security at the Crimean parliament has been stepped up, with armed guards and snipers deployed on the roof.

Mr Tsekov, speaking in the Crimean capital of Simferopol on Saturday, said that a majority in the parliament wanted union with Russia – although other Crimean deputies insist that Friday's decision remains within Ukrainian law.

Tensions have flared between Kiev and Crimea since Ukraine became an independent state in 1991 with the collapse of the Soviet Union. Although Crimeans, nearly 70 per cent of whom are ethnic Russian, voted for an independent Ukraine in 1991, the country's appalling economic decline has driven the Russian majority to seek integration with Russia.

Mr Yuri Meshkov, the Crimean president, was elected this year by the large Russian majority in the region on a ticket of union with Russia.

The animosity between Simferopol and Kiev has been exacerbated by the growing links between Crimea and the Russian authorities.

Mr Andrei Kozyrev, the Russian foreign minister, repeated Russia's desire for a peaceful settlement in a letter to Mr Anatoly Zlenko, his Ukrainian counterpart.

Ukraine seeks recipe for economic survival..... Page 3

Ukraine seeks recipe for economic survival, Page 3

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Rome plans Ina selloff safeguards

By Andrew Hill in Milan

The Italian government is to take unprecedented steps to safeguard the rights of small shareholders when it privatises Ina, the state-owned insurance company, probably next month.

The Italian treasury, which owns 100 per cent of Ina, is this week expected to approve a very low ceiling on stakes held by individual shareholders, and an innovative new voting system for electing the first directors after privatisation.

Late on Friday night, a cabinet meeting agreed proposals to sell off Ina before the end of June. To meet that deadline, parliament will have to approve the plans this week.

In particular, the government will have to put pressure on the elected upper house, where it does not have a majority.

The decision on exactly how much of Ina to sell will not be taken until nearer the launch date. However, the government is prepared to abandon control of the insurer. Mr Giancarlo Pagliarini, the budget minister, told journalists that 51 per cent of the company could be sold.

When Banca Commerciale Italiana and Credito Italiano, the state-controlled banks, were privatised earlier this year, a 3 per cent ceiling was set on individual stakes.

But advocates of wider share ownership complained that the elected boards were still dominated by large corporate investors, many of them allies of the secretive Milan merchant bank, Mediobanca.

The Ina ceiling on shareholdings could be as low as 0.5 per cent, backed up by a scheme which would reserve a number of seats on the board for directors elected by small shareholders.

It is believed to be the first time such a system has been suggested. If successful it could be used later this year for the much more sensitive sell-off of Stet, the state telecommunications company.

The government has agreed to repay L5,500bn ($3.45bn) of compulsory contributions which private Italian insurers were obliged to pay to Ina in its previous role as Italy's insurer of last resort.

● Ravenna magistrates are examining documents taken on Friday from Mediobanca, relating to discussions with the ill-fated Ferruzzi-Montedison group last year.

The Guardia di Finanza, Italy's financial police, spent seven hours searching for documents, which may throw light on how much Mediobanca knew about the "hole" in the 1992 accounts of its main industrial subsidiary, Montedison, which helped precipitate the collapse of Ferruzzi. Mediobanca co-ordinated the complex restructuring of the group.

OBITUARY

Goria, the youngest Italian PM, dies

Mr Giovanni Goria, 50, who served briefly as post-war Italy's youngest prime minister and was the first major politician to stand trial in the country's massive corruption scandal, died at the weekend.

Mr Goria, whose coalition governed from July 1987 to March 1988, died at his home in Asti in north-eastern Italy from a lung tumour which had deteriorated in the past month.

The Christian Democratic party he joined in 1960 changed its name to the Popular Party earlier this year before the March elections in which they were punished for the corruption scandal which also touched Mr Goria.

He studied economics, entered parliament in 1976 and often described himself as "an accountant turned politician". He became one of the youngest Christian Democrats to told key posts, In a message to Mr Goria's widow, Prime Minister Silvio Berlusconi praised his "generous, passionate and long political commitment".

Andreotti denies charge of links with Mafia

By Andrew Hill in Milan

Mr Giulio Andreotti, seven times prime minister of Italy, has condemned as "absurd and unfounded" charges that he had links with the Mafia, following Saturday's call by Sicilian magistrates that he should stand trial.

Most of yesterday's Italian newspapers carried interviews with Mr Andreotti, 75, a life member of Italy's upper house of parliament, in which he talked of his "bitterness" about the Palermo magistrates decision, leaked on Saturday.

The magistrates will this week ask their judicial superiors to order the trial of Mr Andreotti, which would be one of the most sensational court cases ever to be held in Italy.

But the former Christian Democrat prime minister also said he was relieved that he would be able to reply publicly to the charges, more than a year after he was told that he was being investigated.

"Obviously I would have preferred the prosecutors to shelve the case, and it would have been the logical conclusion from my point of view," Mr Andreotti told La Stampa. "However I understand, given the way in which they started off the procedure – accusing me of being the 'Roman centre' for all Mafia business – it wasn't easy to turn back."

The Palermo magistrates, working on the basis of confessions from Mafia *pentiti*, have alleged that Mr Andreotti consorted with gang bosses, and even kissed top Mafia boss Mr Salvatore "Toto" Riina, as a mark of respect, at a meeting in 1987. The former prime minister again denied at the weekend that it would have been possible for him to shake off his police escort for such a meeting.

● Mr Antonio Martino, Italy's foreign minister, yesterday flew to Washington to reassure the US administration over the policies of its new conservative coalition, which includes neofascists for the first time in 50 years, Reuter reports from Rome.

Mr Martino's trip is seen as a continuation of a mission, begun last week, when he visited Brussels in an attempt to reassure European Union colleagues.

Fugitive Schneider fails to surface

By David Waller in Frankfurt, Angus Foster in São Paulo and Peter Marsh in London

Schneider: reported sightings as far afield as Paraguay and Iran

Nearly a month after the international hunt started for fugitive German businessman Jürgen Schneider, the world's police forces have drawn an embarrassing blank.

Germany's Federal Criminal Office – the Bundeskriminalamt – said at the weekend it had made little headway in tracking down Mr Schneider, who is alleged to have misappropriated at least DM218m (£87.2m) of his collapsed property group's funds before disappearing last month.

The Bundeskriminalamt, which has set up a special unit to deal with the case, has passed on details of Mr Schneider to other national police forces via the 174-member Interpol organisation in Lyons.

The German police force's task is to find proof necessary to support the charge of fraud against the missing executive brought by Frankfurt prosecutors on April 26.

Since he failed to return to Germany from a holiday in Tuscany at the beginning of April, the whereabouts of Mr Schneider, 59, has been the subject of widespread speculation. He has been reported to have been in a variety of places, including Paraguay, Switzerland, Tehran, Florida, London and even Frankfurt.

But the reports so far have been insufficient to persuade the Bundeskriminalamt to send agents to particular parts of the world to locate him, a spokesman said. "The trail has gone dead: the German police do not know which way to look," said one investigator.

The latest reported sighting came at the weekend, when a Swiss newspaper reported that Mr Schneider was hiding in a mountain hut. However, the Swiss authorities said they had no information to confirm or deny the report.

Other interested parties in the search for Mr Schneider are German banks, which are owed DM5bn by the collapsed property group. Deutsche Bank, Germany's biggest bank, which claims DM500m of its money could be at risk, said it received "several phone calls a day" from people claiming they knew where Mr Schneider was. The bank passed any useful information to the police since "we are not manhunters", the bank said.

One of the focal points in the search is Paraguay, where there have been at least two alleged sightings of Mr Schneider. In the past, Paraguay has harboured a number of German criminals, many of them linked to the Nazi party, and the country has a large German community. The Aktuelle Rundschau, Paraguay's main German-language newspaper, is following up several leads.

A spokesman for Paraguay's immigration department said: "Legally, he is not here. But he could have entered illegally under a different name."

The Bundeskriminalamt said that for the moment it was engaged in "normal police work", sifting through documents confiscated last month from Mr Schneider's former headquarters in a castle in Königstein, near Frankfurt. Mr Schneider is also under investigation by the finance ministry in the state of Hesse for alleged tax evasion. This inquiry was launched after numerous Schneider employees reported income on which they had not paid tax, worrying that they might face charges of tax evasion.

The German banks have been tight-lipped about steps they may be taking to locate Mr Schneider or the money. They launched a successful action last month to freeze SFr200m (£93.4m) of Schneider funds traced to a number of Swiss banks. But the banks refused to confirm whether this cash was the DM219m Mr Schneider is known to have transferred out of Germany in March before he went missing.

Popular cynicism that the reappearance of Mr Schneider on German soil could embarrass the banks, with detailed disclosures of his connections to big business and government, have fuelled speculation and interest in his whereabouts.

Workers reject compromise on Suzuki job cuts

By David White in Madrid

Workers at the Suzuki car factory in southern Spain dug themselves in for a prolonged conflict yesterday, rejecting a compromise job-cutting plan agreed between the Japanese company and Andalucia's Socialist regional government.

The plan was designed as a holding exercise during the search for a new owner to replace Suzuki, which controls more than 80 per cent of the loss-making Santana Motor.

The Socialist government in Madrid and the regional authorities are anxious to defuse tension during the campaign for regional elections in three weeks.

Production of four-wheel-drive vehicles at the Santana factory in Linares has been blocked by the conflict, which began three months ago when the company applied for protection from creditors and announced plans to dismiss more than 60 per cent of the 2,400-strong workforce.

The plans have provoked a fierce local reaction and a series of demonstrations and protest marches.

Last Thursday the Santana management reluctantly agreed to a regional government proposal to reduce the workforce at Linares and nearby La Carolina by 900, instead of the 1,500 proposed.

The company said it was willing to support the plan "to contribute to the normalisation of the situation and the search for definitive solutions".

The Andalucian government linked the plan to a proposed Pta13.6bn ($99m) loan which would be either repaid after five years or converted into shares. However, the regional authorities said they had no vocation as car-makers, indicating they still hoped for a new partner to take over Santana.

Spain to reform penal code on corruption

By David White

The Spanish authorities have drafted a bill to reform the country's penal code in a move to close loopholes and crack down on corruption.

The reforms, presented at the weekend, were drawn up at short notice following a political storm and a series of high-level resignations over corruption scandals.

Mr Juan Alberto Belloch, appointed earlier this month to head both the justice and interior ministries, described the proposed reforms as "revolutionary".

However, the conservative opposition Popular party, described the measures as "electoralist" in the run-up to next month's European elections and regional elections in Andalucia in which the ruling Socialist party is expected to suffer heavy setbacks.

The draft bill provides for jail terms of between one and three years for government employees who use public property for their own benefit.

In what is seen as a preventive measures, it also provides exemption for people who denounce civil servants for accepting or seeking bribes.

People refusing to testify to parliament may in future face prison sentences of between six months and a year, longer for civil servants

Measures against insider dealing on the stock market are also tightened.

The bill provides for prison sentences of between one and four years, as well as fines, for use of privileged information – one of the allegations made against Mr Mariano Rubio, the former Bank of Spain governor currently on bail.

In severe cases the penalty for insider trading can be increased to six years.

People refusing to testify to parliamentary committees may also in future face prison sentences of between six months and a year, or up to two years' imprisonment in the case of civil servants.

Separate legislation is being prepared to tighten up on tax fraud.

The measures were among a series of steps promised last month by Mr Felipe González, the prime minister, in an effort to stem the controversy over corruption and financial misconduct by senior officials.

Other moves include setting up a special prosecutor's office to deal with corruption and strengthening the powers of the Audit Tribunal, which comes under the authority of parliament and is responsible for monitoring public finances.

Sunday opening victory for Virgin

Virgin Stores, which defied a French ban on Sunday trading, quietly triumphed at the weekend after the government dropped the ban, Reuter reports from Paris.

"Our stores open seven days a week," said a recorded telephone answer at the company's Virgin Megastore on the Champs Elysées.

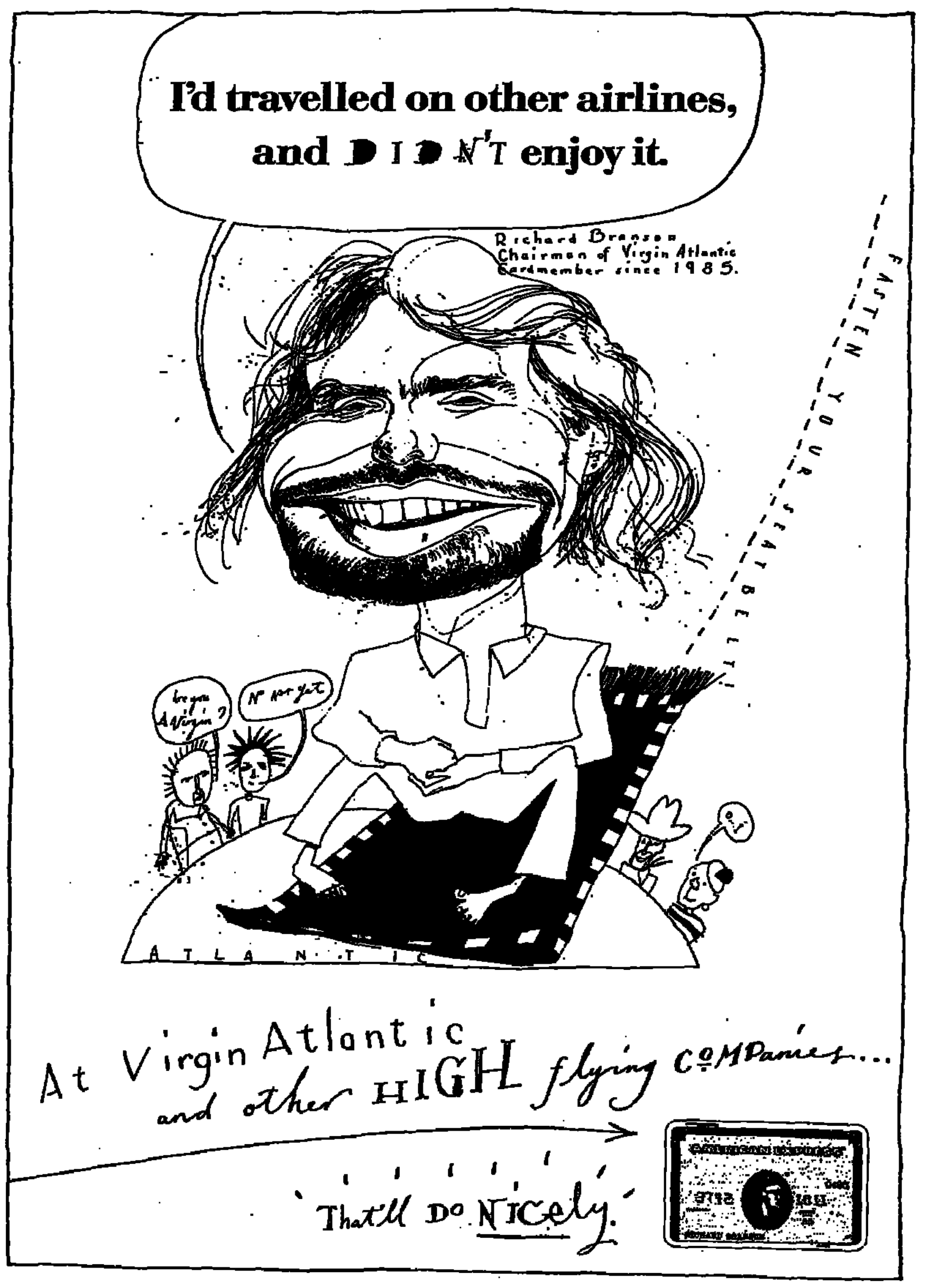
Virgin Megastore, part of Mr Richard Branson's business empire, opened its doors on three successive Sundays last summer, angering unions and risking huge fines in its fight against the government for the right to trade on Sundays.

Virgin eventually agreed to abide by the law pending a legal review.

Despite trade union opposition, the French official gazette on Friday published new regulations allowing Sunday trading in leisure goods in tourist areas. Trade unions have argued that Sunday trading will not create new jobs and will induce businesses to deny workers' right to a weekly break.

Virgin Stores manager, Mr Patrick Zelnik, had argued that 20 per cent of the store's annual 8m customers came on Sundays and closure on these days would cut sharply into profits.

He had threatened to freeze investment projects in France if Virgin Stores was not exempted from the ban.



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Serb pledge to quit Gorazde zone

By Laura Silber in Belgrade

Bosnian Serb leaders have reiterated their pledge to withdraw from a 3km exclusion zone around Gorazde, the south-eastern Moslem enclave which is a United Nations "safe area", to try to pave the way for an overall ceasefire.

Some 150 Bosnian Serb troops were due to withdraw by yesterday afternoon. The Serbs were up to 1km deep in the UN exclusion zone, set up four weeks ago under threat of further Nato air strikes.

The Moslem-led Bosnian government has refused to return to the negotiating table until Serb forces comply with their pledge.

But even after Mr Yasushi Akashi, the UN special envoy, wrote to Bosnian and Serb leaders proposing renewed truce negotiations, both sides reported fighting along key supply lines in northern and eastern Bosnia.

Tanjug, the Serbian news agency, said that five people were wounded on Saturday night when Bosnian Croat forces bombarded Brcko, at the eastern end of the corridor which joins Belgrade to Serb-held land in Bosnia and Croatia.

Bosnian Croat forces have fought alongside their Moslem counterparts in the northern Sava River valley since the eruption of war 25 months ago while elsewhere their alliance was restored only in March in an agreement brokered by Washington.

After the agreement, Croat leaders have turned their attention to the status of Serb-held territory in Croatia. President Franjo Tudjman of Croatia at the weekend warned that he would use "all possible means" if Serb leaders of the self-styled state failed to accept Zagreb's authority within four months.

Brcko, which was mostly Moslem before the war, is now held by Serb forces and is viewed as the next possible flashpoint because of its importance to all three communities. Serb forces control about 70 per cent of Bosnian territory, but Moslems have advanced in the region and may try to sever the corridor.

UN officials said Serb forces shelled Tuzla, the second biggest Bosnian government stronghold, shortly after the attack on Brcko.

● A Spanish UN soldier and his interpreter were killed yesterday when an armoured personnel carrier crashed near Mostar in southern Bosnia.

Three soldiers were also injured in the accident, as the vehicle went off the road.

Spain has around 1,400 troops serving with the United Nations peacekeeping forces in Bosnia, mostly concentrated around Mostar.

Serbian soldiers taking cover during fighting around the Bosnian town of Brcko Reuter

Ukraine looks for economic survival

By John Lloyd

Ukraine's economy is in deep crisis. Production has fallen an estimated 40 per cent compared with last year and both its currency and state revenues have plunged.

Inflation has been screwed down from hyperinflationary levels to around 6 per cent a month and official unemployment is a mere 100,000 people. But this is achieved, economists say, at the cost of idle plants and millions of workers paid – or more often not paid – to do nothing.

The plight of the economy, and possible reforms to drag it out of the mire, were discussed yesterday by international economists at a conference in Kiev organised by the World Bank, the Kiev International Centre for Advanced Studies and the Economic Policy journal.

Among those on the podium were Mr Leszek Balczerowicz, the former deputy prime minister of Poland, Mr Sergei Vasiliev, deputy economics minister of Russia, and Professor Jeffrey Sachs, the highest-profile western adviser to the economies in transition. Mr Balczerowicz, the inspiration behind Polish reforms in 1990 and 1991, told the audience that Poland in 1989 was in a similar position to Ukraine today, with suppressed hyperinflation, a command economy and little private sector. "A radical programme can work," Mr Balczerowicz said, "so long as it includes stabilisation of the currency, privatisation and a unified exchange rate" – none of which Ukraine at present has.

'The growth of the black economy does demonstrate entrepreneurship, and the ability to adapt and survive of Ukraine's citizens'

Mr Vasiliev, in the rare role for a Russian minister of being seen as the representative of a success story, said that "if Ukraine continues on the road it is now on it has no chance of coming out of its crisis. Experience shows that the more rapidly you go, the faster you get out."

The role of presenting the dominant view in the Ukrainian parliament fell to Ms Natalia Vitrenko, a member of the presidium of the Socialist party with responsibility for the economy. Her rejection of Polish reforms, espousal of the Chinese model of controlled development and rejection of radical privatisation measures disappointed the panel.

Mr Victor Pynzenyk, a member of the Ukrainian parliament and a former reformist deputy prime minister with responsibility for the economy, commented: "We in Ukraine have chosen to show the world that we can commit every possible mistake on the road to a market economy."

Mr Daniel Kaufman, the head of the World Bank mission in Kiev, said that the black economy was now growing rapidly – despite increasingly desperate efforts by the government to tighten its grip on the state sector.

"Literally speaking, assets, capital, activities and entrepreneurs have departed from the official economy [but] the emergence and growth of the unofficial economy does demonstrate the entrepreneurship, creativity and ability to adapt and survive of Ukraine's citizens.

"This bodes well for the future," said Mr Kaufman.

Russia firm on Nato treaty

By John Lloyd

General Pavel Grachev, the Russian defence minister, will tomorrow tell Nato leaders in Brussels that Russia insists on a special treaty with Nato, recognising its status as a military superpower, before it will agree to join the Partnership for Peace.

The Partnership, announced in January, is designed to bring former Communist states into an association with Nato – falling short of the full membership which the central European and Baltic countries have requested and which Russia sees as a threat.

Gen Grachev yesterday told the official Tass newsagency that President Boris Yeltsin, who has approved the defence minister's plan, expects recognition of Russia's special status.

"This can be done either with the aid of a protocol within the bounds of the Partnership programme or by a joint document signed by Nato and the Russian Federation."

In an interview last week in the weekly Moscow News, Mr Andrei Kozyrev, the Russian foreign minister, laid out the basic conditions for such a protocol. These were, he said, an agreement on common approaches between the two military powers which recognised their "global strengths and responsibilities"; a commitment by Nato to invest in military conversion in Russia; and a commitment to extend joint peacekeeping and joint political consultations.

Nato leaders maintain that Russia must join the Partnership on the same terms as all other members, but have stressed that Russia's size and military might confer on it a special status. Speaking in the Latvian capital of Riga on Saturday, Mr Luc Bouvard, president of the North Atlantic Assembly, said Nato "would never tolerate" a position where any Partnership member state had veto rights or could dictate rules to Nato.

Loan for Russian banking sector

By Anthony Robinson

The World Bank and the European bank for Reconstruction and Development (EBRD) will provide the bulk of a $390m (£260m) loan to build up a core group of 30 to 40 Russian commercial banks capable of acting as a catalyst for wider development of the banking sector.

The aim is to improve the quality of banking services and enable the core group to form the basis of a private clearing bank system. Technical and other assistance will also be provided to help them qualify as "on-lenders" of World Bank and other international credit lines.

The World Bank, whose board approved its 17-year loan for $200m of the total, said the loan would promote "twinning" with western banks and modernise and standardise management and information systems. But it would also be used to train central bank inspectors and create early warning systems to detect problem banks.

The World Bank also approved a $175m loan to support private enterprise in Romania, of which $102m will finance projects to raise the competitiveness of industrial exporters and $70m for export finance. Loans will be channelled through five selected Romanian banks.

Rutskoi starts crusade to remove Yeltsin

Former Russian Vice-President Alexander Rutskoi launched a crusade at the weekend to remove President Boris Yeltsin and restore a Russian state within the boundaries of the old Soviet Union, Reuter reports from Moscow.

In a speech that marked his return to the political fray, Mr Rutskoi formally proclaimed an end to any compromise with the man who, in his eyes, had sought to humiliate him in the struggle that ended in bloodshed last October.

Mr Rutskoi scored a political triumph in winning re-election as head of a party that appeared in October to have turned against him. Few in its ranks backed him publicly after he led an armed rebellion against Yeltsin in the name of the parliament the president had summarily dissolved.

Market faces difficult week after collapse of talks to end the forward trading ban

Indian brokers braced as curb stays

By Stefan Wagstyl in New Delhi

Indian stockbrokers are bracing themselves for a difficult week following the collapse of talks on ending a two-month ban on forward trading.

Officials of the Bombay Stock Exchange, the nation's largest, and representatives of the Securities and Exchange Board of India, the market watchdog, last week failed to agree terms for lifting the ban that Sebi imposed on March 12.

The ban contributed to a sharp fall in shares, which were also pushed down by increases in US interest rates and profit-taking following an earlier rally.

The Bombay Stock Exchange's index of leading stocks fell from a high in February of more than 4,200 to a low of 3,600 before recovering recently to around 3,800, partly on hopes of a settlement of the forward trading row. Volumes have also fallen sharply because the forward trading ban has greatly reduced the scope for speculative trading with borrowed funds.

Sebi imposed the ban after failing to persuade stockbrokers to adopt transparent rules for the forward market – a long-established and informal market called Badla. Sebi believes Badla is easily abused by brokers for price manipulation at the expense of client investors. It also argues that Badla gives brokers opportunities for excessively risky leveraged forward trading.

The brokers retort that some speculation is essential to provide liquidity to the market. They claim they are ready to propose new rules tn ensure greater fairness but these have been rejected by Sebi.

While the brokers are angry at the failure of last week's talks, they are likely to try to make fresh proposals to Sebi, because forward trading is essential to their business.

In a speech at the weekend, Mr A N Kolhatkar, the Bombay Stock Exchange executive director, said that discussions were in deadlock but new alternative solutions were likely to emerge in the next few months.

Mr S S Nadkarni, the Sebi chairman, has said that he is ready to discuss details of proposed reforms but "there is no going back on the principles which led to the ban".

To make matters worse for the brokers, the growth of foreign portfolio investment, which was soaring in the months to February, has tailed off. Net investments by foreign institutions fell from $398m in January and $245m in February to $180m in March and $163m in April. The main causes of the decline were the worldwide stock market correction and settlement difficulties in India, though the Badla ban may also have contributed.

Showdown vote for Australian opposition chief

By Nikki Tait in Sydney

Months of speculation over the leadership of Australia's federal opposition will come to a head in Canberra today, where Mr John Hewson, the incumbent, has said he will throw the matter open to a vote.

Just over a year ago under Mr Hewson, the Liberal party lost a supposedly "unlosable" election to Mr Paul Keating's Labor party. He regained some ground last summer, when the Labor government's budget was stalled in parliament for several months, but since then has seen his ranking in the opinion polls fall sharply.

By contrast, the Keating government has pushed through a number of policy initiatives including an aboriginal land title bill and a white paper on employment and industry, and its standing with the electorate has risen. Its latest budget proposals, announced earlier this month, contained a minimum of new measures and thus run little risk of a repetition of last summer's upheavals.

Pressure on Mr Hewson has increased over the past 10 days as a field of alternative leadership candidates has narrowed. Mr Alexander Downer, the opposition's spokesman on economic and treasury matters, and Mr Peter Costello, a young lawyer MP, are heading the challenge.

Announcing his decision to hold a vote, Mr Hewson said he believed speculation had gained such a momentum that it needed to be resolved as soon as possible. He believed his chances of retaining his position were good: "I think I will win quite well".

Saudis hope to set up oil refineries

By Tony Walker in Beijing

Saudi Arabia will send a delegation to China soon to explore new investment opportunities in oil refining and exploration following last week's visit to Beijing by Mr Hisham Nazer, the Saudi oil minister.

China's official Business Weekly reported that the Saudi mission would visit Lianyungang, a port city in northern Jiangsu province, and Dagang in Tianjin on the Bohai gulf south-east of Beijing to investigate new projects.

The newspaper quoted Mr Nazer, who was on his first visit to China, as saying that Saudi Arabia hopes to establish refineries to meet Chinese domestic needs and to ensure a "stable, long-term supply of crude oil".

The Saudis are proposing to take a 45 per cent stake through Aramco, their state oil company, in a 200,000 b/d refinery to be located near Qingdao in Shandong province, north of Shanghai. Other partners include South Korea's Ssangyong and Chinese organisations.

China, which last year produced 143.7m tonnes of oil, has become a net importer in the past 12 months. It is looking to the Gulf states to help overcome a growing shortfall as the Chinese economy continues its rapid growth.

Mr Nazer, who was a guest of China National Petroleum Corporation, reportedly discussed with China's President Jiang Zemin several oil projects in which the Saudis may become involved. Mr Jiang was quoted as saying that he would support Mr Nazer's proposals and "help forge agreements as soon as possible".

The Saudi minister said his country expected to set up joint venture refineries in China, similar to those it has established in the US, South Korea and the Philippines.

INTERNATIONAL PRESS REVIEW

BBC feels chill from China

CHINA

By Tony Walker

It would be putting it mildly to describe the present relations between the Chinese government and the *British Broadcasting Corporation* as ill-starred.

In the nearly half a century since the Communists came to power in 1949, the atmosphere between the world's premier broadcaster and Beijing has hardly been chillier – except perhaps during the bleak days of the Cultural Revolution of the 1960's and 1970's.

But in that era most international media organisations were regarded with suspicion, if not downright hostility, as purveyors of capitalist propaganda.

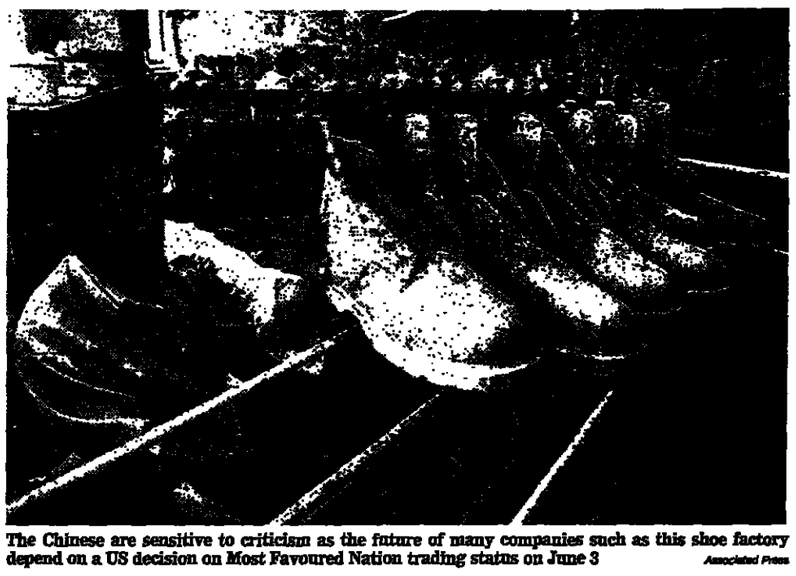
In this latest phase, however, the BBC finds itself the object of particular displeasure for transgressions, real or imagined, against China's interests. The fact that these tensions also coincide with the continuing row between Beijing and London over Hong Kong is not helping matters.

In the latest incident, China expressed outrage over a television documentary which its makers said showed hitherto unrecorded footage of the Chinese *gulag*, or prison camps, in China's far-west.

And, perhaps more irritating from the Chinese standpoint in the days leading up to President Clinton's decision on whether to continue China's privileged trade access to the US market, the BBC also reported that prison labour was being used to make goods for export.

The US administration has laid down as one of its conditions for renewal of China's Most Favoured Nation trading status an end to the export to the US of items manufactured by prisoners.

A Chinese Foreign Ministry spokesman, quoted by the official Xinhua newsagency, described the BBC reports as "sheer fabrication" and suggested darkly that "hostile people with sinister motives have gone out of their way to smear China with fabricated stories".



The Chinese are sensitive to criticism as the future of many companies such as this shoe factory depend on a US decision on Most Favoured Nation trading status on June 3 *Associated Press*

That rebuttal, which was not reported by local media was supported by an unusually detailed statement from the Justice Ministry indicating more than normal official sensitivity over the BBC report.

Whatever additional fallout may result from this most recent skirmishing, it cannot improve an already fractious relationship which has resulted in China-based BBC reporters being subjected to restrictions on their freedom of movement and access to officials. Visas are also being denied to BBC programmers seeking entry to China.

It is not the least of ironies that at a moment when China is proclaiming its opening to the world, BBC reporters are finding to the contrary that doors are being closed.

The BBC's relations with China reached a nadir last December when Beijing reacted furiously – some might say over-reacted – to the BBC's screening of a documentary on the 100th anniversary of the birth of the late Chairman Mao Zedong entitled: *Chairman Mao: The Last Emperor*.

Beijing unsuccessfully sought to have the film withheld and then protested to Britain for what it described as the "BBC's vicious TV programme". China was infuriated apparently by suggestions that Mao had until fairly late in life enjoyed the company of teenage concubines, and sometimes more than one at a time.

The programme also depicted the late Chinese leader as something of a tyrant who had been the cause either directly or indirectly of the deaths of millions in the mass campaigns that accompanied his idiosyncratic rule.

Chinese sensitivity over the BBC's output has been heightened by vast improvements in the broadcaster's signal to China and by the advent of satellite television. China, which exerted pressure on Mr Rupert Murdoch, the Australian newspaper publisher, to drop BBC news broadcasts from his Star satellite television network may have been emboldened in its criticism of the BBC by his decision to do so (Mr Murdoch insists the BBC was banished to make way for Chinese language programmes more relevant to Star's target audience).

But World Service Radio in both Chinese and English is widely received in China, especially since a new transmitter was installed in Hong Kong in 1987 and other transmitters are operating from near China's borders in the former Soviet Union.

Chinese concerns and misperceptions about the BBC, wilful or otherwise, were exemplified by a commentary in the official *Yangcheng Wanbao* (Evening News) published last year in which the paper lambasted the broadcaster's intentions over plans to increase its transmissions to China.

"The BBC's main purpose in strengthening its broadcasting to China is to speed up its all-round invasion against socialist countries both spiritually and ideologically," the commentator said, adding: "When we listen to the free-of-charge information others provide, we should be able to tell the truth from falsehood, the beautiful from the ugly. And furthermore, we shouldn't let counterfeit and low-grade foreign goods burst into our world."

Such sentiments may be out of step with China's modernising image, but the fact that they are fairly widely held, including, it appears, among those responsible for foreign media, does not augur well for an early end to the Sino-BBC chill.

Beijing to step up action on unrest

The Chinese Communist party said yesterday it would step up its campaign against unrest in the countryside, where stability is deteriorating due to "paralysis" among inept local officials, Reuter reports from Beijing.

"The security management situation remains extremely grim nationwide this year," Mr Ren Jianxin, a senior party official, was quoted by the official People's Daily as telling a meeting on rural instability.

The meeting of the party's Committee for Comprehensive Management of Social Security, which Mr Ren heads, reflected Beijing's concern over an alarming loss of political control in the countryside.

"All official and legal organs must strengthen the force of their blows and mercilessly attack serious criminal activities and serious economic crimes," said Mr Ren, who is also supreme court president and member of the party secretariat.

The rise in unrest is evident from mounting reports in the party-controlled press of rural warlordism, banditry, deadly clan feuds, violent uprisings and festering resentment.

Angry farmers have demonstrated against crippling, illegal local taxes and have attacked corrupt officials who enrich themselves by running their villages as personal fiefs.

Peasants also resent high inflation and a growing income gap caused by the slow growth of farm earnings compared to the rapidly rising incomes in China's cities and coastal areas.

Mr Ren made clear that Beijing would do anything to prevent the Communist party's worst nightmare: a collapse of order among 900m peasants that would plunge China into a chaos far broader than the student-led protests of 1989.

"The security problems are escalating enormously in some rural areas and the public reaction is intense," Mr Ren said.

"We must never underestimate the affect of rural unrest on our national situation and must understand these problems in terms of the overriding interests of the party and state."

Manila defends East Timor conference ban

By José Galang in Manila

The Philippine government went on the defensive at the weekend after banning foreign participants from a conference on East Timor, apparently under pressure from Indonesia.

President Fidel Ramos said the move was "for the protection of national interests".

The Manila conference, scheduled for May 31-June 4, was conceived to discuss alleged repression in East Timor, which Indonesia annexed in 1976 after an earlier military invasion.

Among those who had been expected to attend were Mr José Ramos Horta, East Timor foreign minister in exile and a leader of Timorese independence movement, and Mr George Aditjondro, author of a book that detailed a massacre of East Timorese in 1991 by Indonesian soldiers.

Mr Horta is currently identified with the anti-Indonesia Fretilin guerrilla group in Portugal.

The Philippine government said Mr Horta had sought that the conference try to make East Timor an Asian issue, to focus a global spotlight on the plight of the people and to foster dialogue among human rights advocates in the region.

Some members of the Philippine Congress had expressed apprehension that the conference, if allowed as a precedent, could make Manila "a new base for subversive groups".

Manila's move followed a threat of retaliation by Jakarta should the conference proceed with government permission.

Malaysia hints at end to UK ban

By Kieran Cooke in Kuala Lumpur

Dr Mahathir Mohamad, the Malaysian prime minister, has hinted that his government might consider lifting its ban on offering government contracts to British companies.

The ban, imposed in late February, was imposed in retaliation for a report in London's Sunday Times newspaper alleging that a British company had been involved in negotiations to offer Dr Mahathir bribes in exchange for a contract.

Dr Mahathir said that now that Mr Andrew Neil, the Sunday Times editor, had been transferred to a new post, British media reports on Malaysia might improve. "If we find that the British media reports the truth and no longer prints lies, there is no reason why we cannot resume business," Dr Mahathir told Malaysia's national news agency Bernama.

Mr Neil, who is taking up a temporary post in New York, told Reuters that he was delighted if his move was to be used as an excuse by Dr Mahathir to end what he described as the "absurd embargo" against British companies.

Mr Richard Needham, UK trade minister, is due to visit Malaysia next month.

Indonesian trial sounds alarms

Manuela Saragosa on a bank case's political overtones

When Mr Eddy Tansil, an Indonesian entrepreneur, went on trial last week on charges of corruption, alarm bells rang throughout the country's close-knit establishment.

The trial, one of the biggest alleged corruption scandals since Indonesia's independence, could affect the reputation of many high-ranking government officials. It could also signal the beginning of tighter supervision of Indonesia's state-owned banks.

Mr Tansil, owner of Golden Key, a retail and manufacturing group, received a $430m loan in 1992 from Bank Pembangunan Indonesia (Bapindo), the government's development bank, supposedly to finance a petrochemical project in West Java.

The prosecution alleges that the loan was never serviced and that the funds were partly diverted to Hong Kong. Bapindo, though it continues to do business, is now technically bankrupt and is expected to be rescued by the government.

It had been an open secret that Indonesian state banks were riddled with bad debts brought about by collusion between lenders and politically well connected borrowers. According to the government, 21.2 per cent of their loans were bad or doubtful at the end of last year, compared with 17.4 per cent a year before and only 6 per cent in 1990.

These figures, however, came from the state banks themselves and the situation could be a lot worse, bankers say. "We might well see similar cases being unearthed in the near future," said a Jakarta-based banker.

The case has attracted public attention. One disappointed Indonesian wrote in a local daily newspaper: "I hope that the government punishes the criminals and upholds justice because if they fail it means they are no better than criminals themselves."

The trials of Mr Tansil and Mr Maman Suparman, a former deputy branch manager at Bapindo, began last week in packed court rooms amid yells and catcalls from angry mobs.

Both were charged with corruption and violation of banking laws. Prosecutors have been trying to establish during a four- month investigation how Mr Tansil, who had little capital to back him up and had a history of unsuccessful ventures in the motorcycle assembly and brewing businesses, could have qualified for a $430m loan from Bapindo without collateral.

The answer could lie with Mr Sudomo, former minister in charge of political and security affairs and now a government adviser, and Mr J B Sumarlin, the former finance minister and now chairman of the country's audit agency. Mr Sudomo has admitted that he authorised the Bapindo loan for Mr Tansil, and Mr Sumarlin is alleged by the prosecution to have overseen the loan.

Both are due to give evidence at Mr Tansil's trial, although they may be allowed merely to have their testimony read out in court. Their participation may help indicate how immune from investigation the state's power brokers are in the Bapindo affair and how serious the government is about putting a halt to illegal collusion between lenders and borrowers.

In the central Javanese town of Bandung, students tussled with police as they demanded that Mr Sudomo and Mr Sumarlin stand trial for their role in approving the loan.

Mr Tansil and Mr Suparman face a maximum penalty of life sentences in jail under anti-corruption laws. The prosecution says that Mr Tansil obstructed the government's efforts to develop the economy by his abuse of the loan from Bapindo.

Mr Tansil's lawyers have said that their client did not receive demands or warnings from the bank about servicing the loan, and that the alleged deviations from legal banking practices were made with the blessing of Bapindo executives.

"What makes the Bapindo case interesting is not so much that it happened but that it was leaked to the public," said a Jakarta-based diplomat. The case hints at political wrangling taking place among the ruling elite.

Some bankers argue that details of the loan were leaked as part of an attempt to discredit Jakarta's technocrats, of which Mr Sumarlin was one. Goverment technocrats are channelling billions of dollars into developing heavy industry, although some economists say this path of industrialisation offers little comparative advantage.

Mr Mar'ie Muhammad, finance minister, told the Asian Development Bank's annual meeting in France this month that Indonesian banks faced difficulties and that the government would further strengthen banking regulation. The outcome of the Bapindo case may show the extent of the government's determination to carry out this promise.

Some bankers argue that details of the loan were leaked to discredit Jakarta's technocrats

Thai MP quits over US drug charges

By William Barnes in Bangkok

An opposition MP of the Chart Thai (Thai nation) party, Mr Thanong Striprechapong, has resigned from parliament following revelations two weeks ago that he is wanted in the US for his alleged involvement in smuggling 45 tonnes of cannabis over a 10-year period.

Mr Banharn Silpa-archa, Chart Thai's ambitious new leader, is trying hard to refurbish the image of a party which is the second biggest in parliament with 77 MPs, but is tainted with a reputation for unscrupulous money-politics.

The police further embarrassed the opposition last week by netting a Chart Thai MP in a raid on a gambling den. The move may be part of a campaign by the ruling five-party coalition to regain the parliamentary initiative, which they appeared to lose when a proposal to reform the constitution was recently humiliatingly defeated.

Earlier Mr Prasong Soonsiri, the foreign minister, alleged that seven more serving and 10 former MPs are blacklisted by the US for suspected drug trafficking. Only one was named: a Chart Pattana (national progress) MP, Mr Mongkol Chongsuthamanee.

Beidh named to lead new Yemeni state

By Eric Watkins in Aden

South Yemen's political leaders continued to defy northern ruler General Ali Abdullah Saleh by announcing the formation of a new five-man presidential council yesterday. The council proceeded to elect the southern leader, Mr Ali Salem al-Beidh, president of the new state.

Drawing on a broad spectrum of political persuasions, the new council is an obvious attempt to consolidate southern efforts at separating from the north and at establishing an autonomous state. Gen Saleh, reversing promises not to bomb the south, has meanwhile resumed missile attacks on Aden, stronghold of the southern forces.

With members selected from five of South Yemen's six provinces, the aim of the new presidential council is to achieve cohesion against northern efforts to prevent any separatist movements. But the new council also brings together old political rivals in a show of non-partisan support for the Democratic Republic of Yemen, the new state announced on Saturday by Mr Beidh.

Apart from Mr Beidh, leader of the Yemen Socialist party, other members of the council include the deputy leader of the YSP, Mr Salem Saleh Mohammed, the head of the Sons of Yemen League, Mr Abdul Rahman Ali al-Jifri, the head of the Federation for the Liberation of South Yemen, Mr Abdul Kawi Makawi,and Mr Suleiman Nasser Masoud, a member of the Ali Nasser Mohammed wing of the YSP.

Western observers noted that members of the new council had all fought against the British occupation of Aden in the 1960s and that several had struggled against one another in the run-up to South Yemen's independence in 1967. The new council is therefore seen as an attempt to transcend long-standing political rivalries in face of the more urgent threat to southern autonomy posed by Gen Saleh.

Vowing on Saturday to capture Aden at any cost, Gen Saleh has meanwhile resumed missile attacks on the city. Four people were killed and nine seriously injured early yesterday when a northern missile struck in the Khormaksar district of Aden. It was the third missile to hit the city in as many days.

South Yemenis rejoice at move to end union

The four-year merger was seen to have favoured the president's family, reports Robin Allen

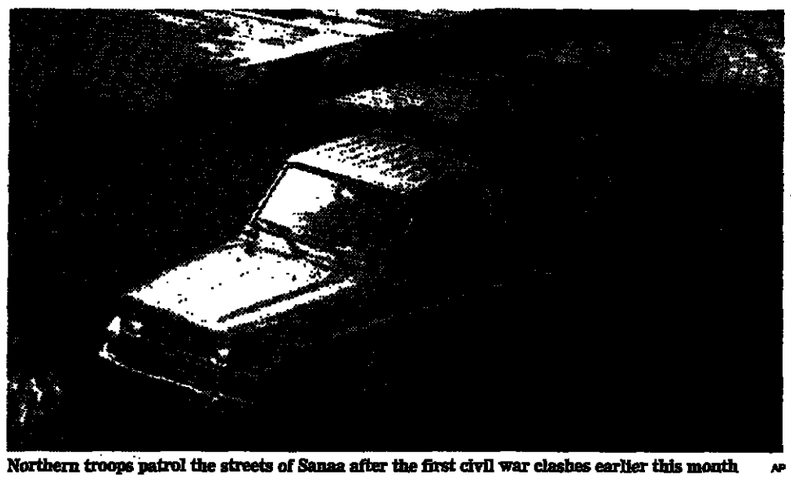
After four years playing second fiddle to the united Yemen government of President Ali Abdullah Saleh, the south Yemenis, led by Mr Ali Salem al-Beidh, have now publicly thrown down the gauntlet. On Saturday night they announced their secession from Yemen, and the formation of a five-man presidential council.

In Aden, the south Yemen capital, celebrations went on all night, even though a missile fired by the north landed near Khormaksar airport and fighting continued around the key southern airbase at Al-Anad, 60km north of Aden.

The news brought a predictably vitriolic response from President Saleh, but southern opinion and the army seem to be solidly behind Mr Al-Beidh, his deputy, Mr Saleh Salem Mohamed, and the Yemen Socialist party (YSP) leadership.

The 2.5m-3m people in southern Yemen, including many northerners who have settled in Aden, are united in their intense dislike of a northern regime based on and favouring the president's family and relatives, and the Ahmar clan within the Hashed tribal confederation to which the president belongs. This oligarchy, they say, has abused its power and diverted the south's oil revenue away from the south's economic development to satisfy the priorities of 10m northerners.

"If a referendum were to be held tomorrow in the eastern and southern governorates [of southern Yemen], there would be a clear majority in favour of south Yemen reverting to its former statehood," the southern leader and head of the YSP, Mr Ali Salem Al-Beidh, told the Dubai daily Gulf News in March.



Northern troops patrol the streets of Sanaa after the first civil war clashes earlier this month AP

The divisions between north and south were more than simple ideology or tribal rivalry. In May 1990, when the north and south formally united, their two separate systems of government were profoundly incompatible. The southern one was based on 20 years of hardline Marxist control which emphasised a strong central authority. By contrast, the northern central government has never fully existed beyond Sanaa and two other cities, Hodeida and Taiz. Elsewhere, tribal authority imposes itself on and competes with the central government in Sanaa.

There is widespread resentment in the south at the way the Saleh presidency lined up with Iraq after its invasion of Kuwait in August 1990, without consulting southern members of the government. As a result of Saudi antagonism, up to a million northern Yemenis had to leave Saudi Arabia, dislocating the entire Yemeni economy through the loss of remittances and the unwanted arrival in the south of several thousand northerners seeking work.

The progressive devaluation of the north Yemeni rial – 84 per cent since May 1990 – and the wide difference between the official rate, YR12 to the dollar compared with the free-market rate of YR75, have dragged the southern dinar down with it.

The present cohesion in the south has depended to a large extent on the durability of the oral pact earlier this year between the army and the YSP leadership. According to this agreement, the army high command, most of which comes from Dhala, Radfan, amd Yafai, the mountainous areas to the north of Aden, agreed to support the political leadership in secession providing the latter stopped flirting with the idea of secession for the Hadramawt, the eastern oil-producing part of south Yemen.

Most of the top leaders of the YSP come from the Hadramawt. They include Mr Ali Salem Al-Beidh, the erstwhile prime minister, Mr Haider Abu Bakr Al-Attas, the former oil minister, and south Yemen chief-of-staff Saleh Abu Bakr Bin Hussainoun, as well as the governor of Aden, Mr Salem Nasser Al-Siyali, who has a Hadrami father and a Yafite mother.

All the signs are that this pact is holding up, thanks partly to the stiff resistance being put up by the army at al-Anad and the reciprocal support it was getting from the YSP leadership.

The south's Marxist period from 1970 to 1990 rarely involved more than the political leadership and its acolytes in the internal security apparatus. The leadership also utilised the system handed to it by the Soviet Union and used it to remain in power. It was more a personal desire for power than a power based on ideology.

The south also has a wide degree of support from south Yemenis overseas, as well as a degree of tacit sympathy from some of its neighbours. In Jeddah, the Bugshan, Binladin, and Bin Mahfouz families, all important figures in Saudi corporate and financial life, come from the Hadramawt.

Saudi Arabia was never entirely happy with a united Yemen on its southern border, part of which, in the areas around Najran, Gizan, and a large swathe of the coastal Tihama plain, was conquered by the Saudis in the early 1930s – a legacy which has not been forgotten by north Yemenis.

Economic plans on the south's drawing board include the establishment in Aden of a free zone, upgrading Aden's refinery, modernising the port, and exploiting the Hadramawt's oil resources. Aden was reported to have been the preferred terminal in a US-backed scheme for vapourised natural gas to be pumped from north Yemen's gas fields of the Marib/Jawf area.

If the south is to survive, it will need a sustained period of political and economic stability, and an economy based this time on a free-market rather than a Marxist system. With the north bent on its military destruction, stability seems a long way off, but without it the south will not get the foreign investments it must have.

Israeli troops alerted for reprisals

By David Horovitz in Jerusalem

Troops in Israel's south Lebanon security zone and along the international border were placed on heightened alert yesterday, after Lebanese Moslem militants threatened to avenge the kidnapping by Israel of Mustapha Dirani, leader of the pro-Iranian "Faithful Resistance" guerrilla movement.

Mr Dirani was seized from his home in Lebanon's Bekaa Valley early on Saturday morning, in what Israel's army chief of staff, Lt-Gen Ehud Barak, described as an "impeccably executed" commando operation.

The army's intelligence chief, Maj-Gen Uri Saguy, said Mr Dirani had "already provided some answers to questions we've been asking for a long time"; other military sources said that he was proving "a tough nut to crack" and that his interrogation would continue for several weeks.

The guerrilla leader, whose movement is linked to the pro-Iranian Hizbollah group, is alleged by Israel to have taken prisoner an Israeli air force navigator, Ron Arad, who bailed out of his Phantom jet over Lebanon in October 1986. The Israelis claim Mr Dirani held Mr Arad captive for two years, then sold him to a contingent of Iranian Revolutionary Guards for $300,000 (£200,000).

Israel's Prime Minister, Mr Yitzhak Rabin, said the Dirani kidnap had been planned for months and that he hoped the Shia militia leader would be able to provide information on Mr Arad's whereabouts. He added that Israel decided on the operation after repeated appeals to Syria, via the US, for details of Mr Arad had failed to produce results.

He said Israel did not intend to use Mr Dirani as a bargaining chip, having learned from experience that trying to arrange such details was futile.

While Hizbollah vowed to "expand the scope of fighting" against Israel in response to the kidnapping, and other Islamic militant sources threatened "spectacular retaliation", Israeli politicians from across the spectrum came out overwhelmingly in support of the operation.

● Israeli troops killed at least one alleged Islamic militant and captured two others while raiding a house in the West Bank town of Hebron yesterday.

Cabinet focuses on house prices

By David Horovitz

Israeli ministers are to hold a second cabinet session tomorrow to debate ways to slow the rise in house prices, having failed to reach any final decisions at a long cabinet meeting yesterday.

With the Gaza-Jericho autonomy deal still in its earliest stages, and a threat of hostilities on the Lebanese border following the weekend's kidnapping by Israelis of an Islamic extremist leader, the scheduling of a second cabinet session devoted to house prices reflects the extent of government concern.

Government figures indicate that apartment prices have risen by some 60 per cent in dollar terms over the past four years alone. Real estate rises are the key factor in the monthly consumer price index – housing accounted for 0.8 points of the 2.1 per cent rise in the index for April – and the continued rises so far this year have already in effect killed hopes that Israel might keep inflation to single figures in 1994.

Flats in Tel Aviv and Jerusalem, where demand is highest, are selling for an average of $3,500 (£2,300) a square metre.

What most concerns Prime Minister Yitzhak Rabin's Labour government is the growing anger among both new immigrants and young Israeli families that they can no longer reach even the first rung on the housing ladder. Mr Rabin fears economic discontent, centred on housing costs, could rebound against him at the next elections in two years.

Unimpressed by the efforts of his minister of construction, Mr Benjamin Ben-Eliezer, to speed the procedures for freeing state land for building, he recently appointed an inter-ministerial committee, headed by his own bureau director-general, Mr Shimon Shevis, to devise new proposals to slow the price rises.

The cabinet heard the first of these proposals yesterday, including plans for government building projects, for schemes to guarantee government purchase of apartments that contractors prove unable to sell privately, and for the allocation of land for 110,000 apartments over the next two years. The Treasury and the Bank of Israel, however, strongly oppose public construction and government guarantees for private contractors.

NEWS: INTERNATIONAL

Little assurance new curbs will work against military junta

UN tightens Haiti sanctions

By George Graham in Washington

Tougher international economic sanctions went into effect against Haiti yesterday after leaders of the military junta failed to leave the country by a United Nations deadline of May 21.

But there was little assurance the sanctions would be more effectively implemented than the narrower embargo on deliveries of fuel and arms over the last seven months.

Mr Boutros Boutros Ghali, UN secretary-general, formally notified the UN Security Council on Friday that General Raoul Cedras, the military commander who ousted President Jean-Bertrand Aristide in 1991, had not met the necessary conditions, triggering a broad embargo on shipments of everything except food, medicine and cooking gas.

The existing fuel embargo, however, has had little effect on the Haitian military – although it has raised prices – because of a steady flow of contraband petrol across the border from the Dominican Republic, which shares the island of Hispaniola with Haiti.

US Vice-President Al Gore said yesterday the US was holding talks with the Dominican Republic on ways of improving implementation of the sanctions, but declined to threaten reprisals if co-operation does not improve. He insisted that it would be "premature to discount the effectiveness of these tough new sanctions, but we are proceeding with other measures as well".

In the Dominican Republic, the government of 87-year-old President Joaquin Balaguer remains to some degree in suspense after the elections board ordered a recount in last week's election, responding to complaints of fraud made by Mr Jose Francisco Pena Gomez, the challenger.

President Bill Clinton's Haiti policy has continued to suffer intense criticism, particularly from human rights advocates and black politicians, even after the White House shifted its policy of returning Haitian refugees to their country and named Mr William Gray, a respected former congressman, to be the US's new special envoy on Haiti.

But the US won significant endorsement for its new policy towards refugees, which involves hearing their claims to asylum at sea, when Mrs Sadako Ogata, UN High Commissioner for Refugees, promised her agency's assistance in processing Haitian emigrants.

The US has chartered a Ukrainian cruise ship as a processing centre at sea, but Mr Clinton last week raised with Mr John Major, the British prime minister, the possibility of using some uninhabited islands in the Turks and Caicos archipelago, a British possession.

Frei delays action on power of Chile's military leaders

By David Pilling in Santiago

Chilean President Eduardo Frei has promised to push through important amendments to the 1980 constitution, inherited from the military regime, though he has postponed dealing with the most controversial issue – the immobility of commanders-in-chief.

Mr Frei, in a weekend address to Congress, said he would seek to remove from the Senate the eight non-elected members appointed by former dictator General Augusto Pinochet.

The presence of the designated senators makes it difficult to force controversial legislation through the 46-member body.

Mr Frei, who assumed office in March, will also move to change the binominal electoral system which guarantees the opposition disproportionate power in parliament.

However, the president, who said the proposed changes were not a matter of "imposing one's will over others", avoided the issue of his own inability to appoint or sack military commanders, including Gen Pinochet. Mr Frei has repeatedly protested that such limits on presidential authority are incompatible with full democracy.

The president, according to a fellow coalition member, Mr Jorge Schaulsohn, did not wish to "waste time or congest the legislative timetable on constitutional reforms that we know beforehand are going to fail". Mr Frei's willingness to avoid more controversial amendments improves his chances of pushing through those he has proposed.

The president's emollient attitude, however, fails to address the current constitutional impasse in which the police chief, Gen Rodolfo Stange, remains in office in spite of government insistence that he should go.

Gen Stange, one of the unremovable commanders-in-chief, is being investigated for the alleged cover-up of three political murders committed by the police. In private, the government admits it does not know how to end the confrontation.

Talks to continue on coalition for Malawi

Malawi's new president, Mr Bakili Muluzi, is due to continue talks on forming a coalition government, with five key parliamentary seats still in dispute, Reuter reports from Blantyre.

Officials of Mr Muluzi's United Democratic Front (UDF), which is just short of a majority with 84 seats in the 177-member parliament, said they were awaiting a response from a northern-based party on whether it wanted to join in a coalition government.

"No talks have been opened with Aford [Alliance for Democracy]. The position of the UDF is that we have no major problem in working with Aford if they are willing to work with us," UDF publicity chief Kassam Chilumpha said.

AFORD, which won 36 seats in last Tuesday's elections, is led by veteran trade unionist Chakufwa Chihana, who draws support from his home area in northern Malawi. Former President Hastings Banda's Malawi Congress party, the sole legal party from independence in 1964 until the first multi-party election last week, took 52 seats, mainly in central areas.

Rwanda rebels capture army barracks in capital

Rwandan rebels yesterday captured the government army barracks in the capital, Kigali, removing the biggest obstacle in their drive to seize power in the city, reports Reuter from Kigali.

Witnesses said the Kanombe barracks, like the nearby airport taken earlier by the Rwanda Patriotic Front (RPF) rebels, fell without serious resistance.

Asked what was now the RPF's target, a senior officer said: "The city and then the country."

Hundreds of civilians were streaming out from districts around the barracks to the relative safety of the airport, now firmly in rebel hands.

The RPF military leader, Maj-Gen Paul Kagame, is credited with having single-handedly rebuilt the rebel army into a 14,000-strong force when the death of its former leader Fred Rwigyema in 1990 threatened to tear the movement apart.

Quest starts for Smith's successor

By Kevin Brown and Andrew Adonis

Mr Gordon Brown, shadow chancellor, launched his claim to the Labour leadership with an appeal to traditional socialist values yesterday as the shadow cabinet split between the three main candidates.

Mr Tony Blair, shadow home secretary, will launch his candidacy in a speech tomorrow, as unofficial campaigning accelerates following the burial of Mr John Smith, former leader.

In a surprise development, shadow cabinet support is dividing largely between Mr Blair and Mr Robin Cook, shadow trade and industry secretary, with Mr Brown third.

Mr John Prescott, shadow employment secretary, has no support in the shadow cabinet, although solid backing for his candidacy is emerging among trade union leaders. Mr John Edmonds, leader of the GMB general union, praised Mr Brown and Mr Prescott for their commitment to Labour's policy of full employment.

Mrs Margaret Beckett, acting Labour leader, also appears to be without support. Mrs Beckett has not decided whether to run, but is expected to continue as deputy leader.

Shadow ministers are refusing to endorse candidates publicly, in line with a shadow cabinet ban on campaigning until after the European parliament elections on June 9.

The level of support for Mr Cook is likely to hamper efforts by Mr Blair's camp to persuade him to withdraw from the race and offer his support to the shadow home secretary. Mr Cook has not decided whether to accept a formal nomination for the leadership.

Labour's ruling national executive committee is expected on Wednesday to accept formal nominations for a four or five-week campaign immediately after the European elections on June 9.

Mr Brown, delivering the keynote speech at Labour's annual Welsh conference in Swansea, sought to shore up his standing on the left of the party with a strong appeal to "enduring" socialist values, and fierce attacks on the City of London, privatisation and means-testing for pensions.

Gordon Brown, one of the three leading candidates in the leadership contest, launching his campaign at Labour's annual Welsh conference in Swansea yesterday Photograph: Barry Batchelor

Britain in brief

Low level of coal subsidy attacked

A coal subsidy scheme, which helped the government suppress a backbench revolt over pit closures last year, has provided British Coal with less than £500,000 from hundred of millions of pounds that ministers indicated were available.

The figures will be used by the Labour Party to support claims that the subsidy scheme was a cosmetic exercise aimed at saving the jobs of ministers rather than miners. However, the department of trade and industry said the low subsidy level is the result of the weak market which prompted it to implement pit closures in the first place.

The promise of subsidies was a cornerstone of a government strategy last March in which ministers "reprieved" 12 pits from closure while British Coal looked for markets for their coal. Most of the reprieved pits have since closed along with others which then looked safe. However, the strategy enabled the government to defeat an opposition motion over its coal policy.

Railtrack sale planned

The government plans to privatise Railtrack, the railway infrastructure company, before the next election, probably by the end of the 1995-96 financial year. Railtrack's price tag of around £3.5bn is significantly lower than its current valuation of £6.5bn. Ministers believe the lower price is more realistic because of its "high public policy risk".

Pledge on mail pricing

The government is to draw-up legally binding contracts to prevent a privatised Royal Mail from introducing regional price differentials.

But the possibility of British Telecom introducing regional phone pricing has swollen the ranks of Tory MPs worried that the plan to float 51 per cent of the Royal Mail and Parcelforce could lead to a similar development for mail.

Dam challenge

The government is facing a challenge in the High Court over its funding of the Pergau Dam in Malaysia.

The World Development Movement, a lobby group for the Third World, will today launch an application for a judicial review of the decision taken by Mr Douglas Hurd, Foreign Secretary in 1991 to fund the dam. WDM claims that "the purpose for allocating the funds for the Pergau Dam project was not a purpose permitted by the 1980 Overseas Development and Co-operation Act." The act states aid can only be given if its main purpose is the economic benefit of a country or the welfare of its people. Mr Hurd has defended his decision on the basis of "wider considerations".

MPs hours reviewed

A big reduction in the number of hours that parliament sits could be implemented within months amid signs that the government and opposition are set to make progress in talks on the issue. Concern over MP's heavy workload was highlighted by the recent death of Mr John Smith, Labour leader.

Child labour allegation

Most of the UK's local education authorities are failing in their duty to police child labour and their regulatory responsibilities should be transferred to environmental health departments, says a report to a conference of the International Association of Labour Inspection in Tunisia.

The UK has met with resistance in the European Union to its attempt to secure an opt-out from a European directive controlling the number of hours children can work.

Tax probe into wine and diamond bonuses

By Financial Times Reporter

An angry Mr Peter Lilley, the Social Security Secretary, has ordered an investigation into allegations that some companies are avoiding National Insurance contributions by paying staff bonuses in diamonds or wine and even by way of life insurance schemes.

The move comes only seven months after Mr Kenneth Clarke, chancellor, announced in his Budget measures meant to prevent employers legally avoiding the 10.4 per cent they pay in National Insurance on staff bonuses.

In Mr Clarke's words companies had been "rewarding staff with gold bullion, coffee beans, cowrie shells and other exotic payments in kind".

However, by insisting that National Insurance was to be paid on any bonus paid in the form of "a traded commodity on a recognised exchange," Mr Clarke left a loophole. There are no such exchanges for diamonds or wine.

The Mail on Sunday newspaper drew attention to the issue again yesterday and also pointed to a new avoidance scheme using life insurance in lieu of bonuses.

This involves a company taking out life insurance policies which are then signed over to employees. The company pays premiums into the policies and the employees cash them in after a short time.

National Insurance avoidance schemes are particularly attractive to City companies that pay large annual bonuses. The Mail on Sunday claimed that 70 per cent of the £500m paid in this way by City organisations this year made use of avoidance schemes, thereby costing the government £36.4m.

The department of Social Security said yesterday: "There will be an investigation. Clearly, if there are still loopholes and significant sums of revenue are being lost we will take it very seriously."

Polls may flatter Labour, but a landslide is in the making

Conservative prospects in the European elections are bleak, writes David Butler

The result of the European elections is hard to predict.

The low turnout and the likelihood of tactical voting present special problems to pollsters. There will be relatively few surveys during the campaign. There may not even be any exit polls to tide public curiosity over the gap between the vote on Thursday June 9 and the count three days later when all the other countries have cast their ballot.

Conservative prospects are bleak. Recent nationwide polls are running about 45 per cent Labour to 25 per cent Conservative and 25 per cent Liberal Democrat. The local elections yielded 41 per cent Labour, 27 per cent Conservative, 27 per cent Liberal Democrat. Recent experience suggests opinion poll figures may flatter Labour.

Nonetheless, there is no doubt that a Labour landslide is in the making. But what will happen in the Conservative seats of the south of England? How far will the Liberal breakthrough go? In one Westminster sweepstake this week a group of insiders this week ranged from no Conservative losses to a total wipe-out.

Different analyses of the local elections and of two opinion polls taken just before the death of John Smith, the labour opposition leader, give a clear range for the likely division of the newly-redrawn UK Euro seats. The Conservatives, who won 32 seats in 1989, are forecast to gain a maximum of 20 seats this time and a minimum of eight. Labour, which won 45, is given a maximum of 66 and a minimum of 52, and the Liberal Democrats a maximum of 14 and minimum of three.

But these figures take no account of tactical voting. This may operate very differently in the Euro constituencies from the way it operated in the local elections or in response to the hypothetical questions of the pollsters.

There are almost 20 seats where Labour voters have a far better chance of ousting the Tory MEP if they vote Liberal Democrat than if they stay loyal to their party. The outcome will turn on the success achieved by the Liberal Democrats in educating them to this fact over the next fortnight.

The Tories have leaked one interesting figure from their private polls. 45 per cent of the electorate say they are "certain to vote". In 1989 the same poll said 35 per cent and proved to be exactly right. But who will the 55 per cent of non-voters be? If they are a representative sample, drawn proportionately from all parties, abstention will not matter. But it will be a very different story if disillusioned Tories go "on strike".

A 45 per cent turnout, although the lowest in Europe, may seem high in a country where only 11 per cent can name their MP, only 27 per cent recognise the name of Jacques Delors and less than 50 per cent claim to know of the European parliament.

Perhaps the most interesting poll so far was a community-wide one provided by Mori for The European newspaper. Only three of the 12 countries (Belgium, Italy and Greece) showed a significant majority wanting a United States of Europe. Denmark (74 per cent to 11 per cent) and, surprisingly, The Netherlands (73 per cent to 21 per cent) showed an even greater majority against the idea than the United Kingdom (68 per cent to 17 per cent). In no country would a majority vote in a referendum for leaving the Community although, as expected, Denmark (53 per cent in, 35 per cent out) and Britain (52 per cent in, 36 per cent out) emerged as the most sceptical members.

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

TODAY
Boxmore Intl. 2.75p
Brent Intl. 2.4p
British-Borneo Petroleum Syndicate 4.433p
British Mohair 7.1p
Canon 5.8% Nts. 1996 Y680,000
Do. 5.85% Nts. 1997 Y585,000
Cardiff Automobile Receivables Securitisation No. 3 Class A Mtg. FRN 1998 £134.41
Do. Mezzanine FRN 1998 £158.97
Emess 0.1p
Export-Import Bank of Japan 8% Gtd. 2002 $400
Five Arrows Chile Fund $0.48
Flash Series Zero Sec. FRN 2000 $850,000
Grampian Hldgs. 3.8p
Kleinwort Smaller Companies LT. 2p
London & St. Lawrence Inv. Co. 3.12p
Madeva 1.8p
Maui O.S.K. Lines 6% 1998 Y600,000
Savoy Hotel A 3.5p
Do. B 1.75p
Sunderland (Borough of) 11¼% Rd. 2008 £5,675
Trava Perlins 5.5p
Trinidad & Tobago (Rep. of) 12¾% Ln. 2009 C$ 125
United Friendly 11p
Do. B (Res. Vtg.) 11p

TOMORROW
Allied Irish Bank Undated Var. Rate Nts. $120.52
Bradford & Bingley Bldg. Soc. Sub. FRN 2005 £142.34
Britton Grp. 0.09p
Christiania Bank Kreditkasse Senior FRN 1995 $527.82
Denmark (Kingdom of) FRN 1998 £123.44
English China Clay 13.4p
Telefonaktiebolaget Ericsson B SKr4.50
Fujita Inv. Co. Gtd. FRN 1998 $964.17
Global Group 0.3p
Guinness 9.18p
Leeds Permanent Bldg. Soc. FRN 1997 £128.93
Mitsubishi Trust Finance (Asia) Flrg. to Fixed Rate Nts. 2001 $2,017.40
Molins 10.5p
Murray Intl. Tst. 3.5p
M.Y. Hldgs. 0.5p
National Westminster Bank ADR $1.343
Nationwide Bldg. Soc. FRN 1995 $93.33
Northern Rock Bldg. Soc. FRN 1994 £131.05
Royal Bank of Canada $0.29
Secure Tst. 10.5p
Shell Trans. & Trading Co. 13.8p
Stough Estates 5p
Sunset & Vine 1.5p

WEDNESDAY MAY 25
Aegon Fl.2.85
Aluminium Co. of America $0.40
Bradford & Bingley Bldg. Soc. FRN 1998 £131.87
British Funds 6¾% Treas. 2010 £1,6268
Compagnie Financiere Ottomane FFr12.50
Daniels (S.) 0.3p
Dead Sea Works NIS0.164
De Beers Consolidated Mines Linked Units $0.369296
Eaton $0.30
Housing Securities 6¾% Db. 2019 £4,1675
Merrill Lynch & Co. $0.23
National Westminster Bank 7% Cm. Pf. £6.25
Norsk Hydro NKr3.50
Page (Michael) Grp. 1.5p
Prudential Corp. 8.7p
Topdanmark DKr10
TSB Gilt Fd. Ptg. Rd. Pf. 0.66p

THURSDAY MAY 26
British Fittings 1.25p
British Funds 6¾% Treas. 2004 £3,9761
CSFB Finance Gtd. FRN 2003 $28.54
Dolphin Packaging 2.8p
Erith 0.85p
Forte 6¾% Sub. Cv. Bds. 2009 £33.75
G.R. (Hldgs.) 0.4p
Jacobs (John I.) 1.4p
Jupiter Tyndall 7p
Kode Intl. 4p
Kvaerner Free A NKr5.50
Do. B. NKr6.50
Liberty 5.35p
Do. Non-Vtg. 5.35p
Lloyds Bank Finance Gtd. FRN 1998 £98.27
Mackarlane Grp. (Clansman) 2.4p
Murray European Inv. Tst. 0.28p
Philips Electronics Fl.0.50
Rathbone Bros. 5.5p
Stainwood Grp. 1.9p
Steel Burrill Jones 8p
Ti Grp. 7.4p
Williams Hldgs. 7.75p
Wilson Bowden 6.65p

FRIDAY MAY 27
Abbeycrest 2p
Advest Grp. 2.1p
Arjo Wiggins Appleton 3.85p
Ash & Lacy 3.5p
Avonside Grp. 2.3p
Barratt Developments 2p
Baynes (Charles) 1.075p
BBA Grp. 5.25p
BLP Grp. 1p
BNB Resources 3.3p
Boot (Henry) & Sons 4.8p
Breedon 2.85p
Bridport-Gundry 1.25p
British Polythene Inds. 7.75p
Brunt Ciffe Aggregates 0.5p
Cadbury Schweppes 10.8p
Cattle's (Hldgs.) 3.1p
Clinton Cards 3.11p
Corporate Services Grp. 0.25p
Dagenham Motors 4.5p
Derwent Valley Hldgs. 6.05p
Dorling Kindersley 1.1p
Five Oaks Invs. 0.2p
Do. 7% Cm. 2nd Pf. 14.7p
Foreign & Colonial Pacific Inv. Tst. 1.35p
Forth Ports 5p
Garmore Scotland Inv. Tst. Income Shrs. 2.4p
Do. Package Units 03
Greggs 12p
Housing Finance Corp. 11½% Db. 2016 £5.75
Iceland Grp. 2.8p
Intl. Business Comms. 2p
Lilleshall 2.85p
Lopex 0.25p
Molyneux Estates 0.75p
Morrison (Wm.) Super markets 0.8p
Nestor-BNA 2p
Newman Tonks 3.67p
Richardsons Westgarth 1.9p
Rotork 2.5p
Rutland Tst. 0.8p
Sandvik Series B SKr2.25
State Electricity Commission of Victoria 10½% Nts. 2003 A$105
Strong & Fisher (Hldgs.) 1p
Tibbett & Britten Grp. 9.7p
Toray Inds. FRN 1997 Y61,416
T & S Stores 3.8p
TT Grp. 4p
Tweedales United Collieries R0.88
Unilever ADR $1.398

UK COMPANIES

TODAY
COMPANY MEETINGS:
Automated Security Hldgs., The Howard Hotel, Temple Place, W.C. 10.00
Daniels (S.), 5th Floor, South Quay Plaza, 183 Marsh Wall, Isle of Dogs, E. 10.00
Epwin Grp., Savoy Hotel, The Strand, W.C., 11.30
Forte, The Grosvenor House Hotel, Park Lane, W., 11.00
Ladbroke Grp., London Hilton Hotel, Park Lane, W., 11.00
London Securities, 21 Broadway, Maidenhead, Berkshire, 11.00
Pelandale Grp., 8 Baker Street, W., 12.00
Proudfoot, Aldermary House, 10-15 Queen Street, E.C., 10.00
Sentry Farming Grp., Ragley Hall, Alcester, Warwicks, 11.00
TDG Circuits, Whitelark Estate, Blackburn, 12.00
BOARD MEETINGS:
Finals:
Betterware
British Airways
Caleta Inv.
Kenwood Appliances
Salon Healthcare
Towlas
Wernford Invs.
Interims:
Albion
Domino Printing
Kenlick
Richards
Scottish Radio

TOMORROW
COMPANY MEETINGS:
APV, Grocers' Hall, Princes Street, E.C., 12.15
Baynes (Charles), The Coach House, 173 Sheen Lane, S.W., 11.30
Bostrum, Stone Circle Road, Round Spinney, Northants., 12.00
Dolphin Packaging, Fleets Lane, Poole, Dorset, 12.00
Greggs, Gosforth Park Hotel, High Gosforth Park, Newcastle-upon-Tyne, 11.45
Hogg Grp., 150 Minories, E.C. 12.15
Hunting, Institute of Directors, 116 Pall Mall, S.W., 10.30
Ratlock Johnson, Albany House, 180 Albany Street, N.W., 12.00
Inchcape, The Four Seasons Hotel, Hamilton Place, Park Lane, W., 12.00
Joyce Grp., Founders' Hall, 1 Cloth Fair, E.C., 11.00
Mackarlane Grp. (Clansman), The Merchants House, 7 West George Street, Glasgow, 12.00
Murray European Inv. Tst., 30 Coleman Street, E.C., 2.30
Ocean Grp., Lancaster Room, The Savoy Hotel, The Strand, W.C., 12.00
Sherwood Computer Services, 6 Broad Street Place, Blomfield Street, E.C., 12.00
Thomson (Clive) Invs., Sutherland Room, Stafford Hotel, St. James Place, S.C., 12.00
Tibbett & Britten Grp., James West Room, The Brewery, Chiswell Street, E.C., 11.00
T.T. Grp., Tallow Chandlers Hall, 4 Dow Gate Hill, E.C., 12.00
BOARD MEETINGS.
Finals:
BET
Cookson
Euro Colour
Hazelock
Lep
Monks Inv. Tst.
Roadcut
Shires Inv.
Warburg (SG)
Interims:
Archimedes Inv. Tst.
Fairbairn Euro Smaller Co's Index Tst.
Fairline Boats
M & G Recovery Inv. Tst.
Metro Radio
New Throgmorton Tst.
Yorkshire-Tyne Tees TV

WEDNESDAY MAY 25
COMPANY MEETINGS:
Atlas Converting Equipment, 4 Broadgate, E.C., 10.00
Baird (William), The Moat House Intl. Hotel, Congress Road, Glasgow, 12.00
Bletchley Motor Grp., Milton Keynes Hotel, Timbold Drive, Kents Hill, Milton Keynes, 12.00
Blue Circle Inds., Four Seasons Hotel, Hamilton Place, Park Lane, W., 12.00
Brake Bros., Painters' Hall, Little Trinity Lane, E.C., 11.30
Bridon, Armourers' & Brasiers' Hall, 81 Coleman Street, E.C., 12.00
British Fittings Grp., The Stone Manor Hotel, Nr. Kidderminster, 12.00
Burst, Cafe Royal, Regents Street, W., 10.30
Clinton Cards, Crystal Building, Langston Road, Loughton, Essex, 10.30
Country Casuals Hldgs., Britannia Intercontinental Hotel, Grosvenor Square, W., 12.00
EFG, 23 Great Winchester Street, E.C., 11.00
Great Southern Grp., Ironmongers' Hall, Shaftesbury Place, The Barbican, E.C., 4.30
Metalrax Grp., Rutland House, 148 Edmund Street, Birmingham,
OB Hldgs., Grand Hotel, Kings Road, Brighton, 12.00
Rolls-Royce, Queen Elizabeth II Conference Centre, Broad Sanctuary, S.W., 11.30
Rotaprint, 25 Copthall Avenue, E.C., 10.00
Williams Hldgs., The International Convention Centre, Broad Street, Birmingham, 12.00
BOARD MEETINGS:
Finals.
Argyll Grp.
Atlantic Inv. Tst.
Chamberlin & Hill
Courtaulds
Fleming High Inc. Inv. Tst.
Govett High Inc.
M & G
Mercury Asset Mngmnt.
Morland
North West Water
Raglan Property Tst.
Vosper Thornycroft
Interims.
Carlton Comms.
Countryside Properties
Dunedin & London Inv. Tst.
F & C Emerging Markets Inv. Tst.
Leeds Grp.
Murray Enterprise

THURSDAY MAY 26
COMPANY MEETINGS.
African Lakes Corp.,
47B Welbeck Street, W., 11.30
Ayrshire Metal Products, 17 Church Street, Irvine, Ayrshire, 12.00
Barlows, Chester Grosvenor Hotel, Chester, 12.00
Booker, The Barber-Surgeons Hall, Monkwell Square, E.C., 3.30
Bromley & Hawkes, Regents Park Marriott, 128 King Henrys Road, N.W., 12.00
B.S.G. Intl., Bracebridge Suite, National Motor Cycle Museum, Coventry Road, Bickenhill, Solihull, West Midlands 11.30
BTR, Queen Elizabeth II Conference Centre, Broad Sanctuary, S.W., 11.30
Clarkson (Horace), 12 Camomile Street, E.C., 12.00
Dagenham Motors, Ford House, New Road, Dagenham, Essex, 12.00
Deallex, 56 Holmethorpe Avenue, Redhill, Surrey, 12.00
Eadie Hldgs., 60 Fountain Street, Manchester, 11.15
Fellows Grp., Padmore House Hotel, Ham Lane, Pedmore, Stourbridge, W. Midlands, 10.00
Foreign & Colonial Pacific Inv. Tst., Exchange House, Primrose Street, E.C., 12.00
Hedies MacLellan Hldgs., Great Fosters, Stroude Road, Egham, Surrey, 10.00
Hanrisons & Crosfield, Glaziers' Hall, Montague Street, S.E. 12.00
Jerome (S.) & Sons (Hldgs.), Victoria Works, Shipley, West Yorks., 11.00
Linton Park, Royal Overseas League, Park Place, S.W., 12.00
Magnolia Grp., Magnolia House, Rutherfield Drive, Park Farm South, Wellingborough, Northants., 12.00
Meggitt, The Savoy Hotel, The Strand, W.C., 12.00
Monument Oil & Gas, The Butchers Hall, Bartholomew Close, E.C., 11.30
Morrison (Wm.) Supermarkets, Bankfield Hotel, Bingley, West. Yorks., 11.00
Redland, Plaisterers' Hall, 1 London Wall, E.C., 12.15
Rotork, Rotork House, Brassmill Lane, Bath, 12.00
Sharpe & Fisher, Pfrills Pump Room, Evesham Road, Cheltenham, 12.00
Sutor, Howard Hotel, Temple Place, W.C., 12.00
BOARD MEETINGS:
Finals:
Alba
Atlas
Cable & Wireless
Cranswick
Fortune Oil
Fulcrum Inv. Tst.
Glaxo
Inch Kenneth Kajang
Macdonald Martin Distilleries
Martin Currie Euro Inv.
Merchant Retail
NEC
Parkside
Redwood Mineral
Stonehouse
Southnews
South West Water
Interims:
Acatos & Hutcheson
Archer
Fenchurch
Hunterprint
McLeod Russel
Perpetual
Scottish Inv. Tst.
Smart (J)
Trafalgar House
Tunstall
Villiers
Warner Estate

FRIDAY MAY 27
COMPANY MEETINGS:
Anglo Pacific Resources, 6 Randolph Crescent, Edinburgh, 10.00
Aspen Communications, 135 Bishopsgate, E.C., 10.30
BBA Hldgs., Founders Court, Lothbury, E.C. 12.00
Beckenham Grp., Bromley Court Hotel, Bromley Hill, Bromley, Kent, 3.30
Boot (Henry) & Sons, Baldwins Omega, Brincliffe Hill, Sheffield, 12.00
Breedon, Breedon-on-the-Hill, Leicestershire, 10.00
British Dredging, Royal Hotel, St. Mary Street, Cardiff, 12.00
Capital & Regional Properties, Hyde Park Hotel, S.W., 12.00
Hewitt Grp., 4 Broadgate, E.C., 11.00
HSBC Hldgs., The Barbican Centre, E.C., 11.00
Johnson Grp., The Hyde Park Hotel, Knightsbridge, S.W., 12.00
Lowe (Robert), The Roldane Mill, Mill Green, Congleton, Cheshire, 11.00
RMC Grp., Four Seasons Hotel, Hamilton Place, Park Lane, W., 11.30
Royal Doulton, Minton House, London Road, Stoke-on-Trent, Staffs., 12.00
Severfield-Reeve, The Angel Inn, Long Street, Topcliffe, Thirsk, N. Yorks. 12.00
Taylor Woodrow, The Grand Hall, International House, St. Katherine's Way, E., 11.30
Venturi Inv. Tst., Burne House, 88 High Holborn, W.C., 11.00
Watts, Blake, Bearne & Co., The Manor House Hotel, Moretonhampstead, Devon, 11.45
Wilson (Connolly) Hldgs., Northampton Moat House, 12.00
BOARD MEETINGS
Finals:
Bristol Evening Post
Cestrian
Elliott (S)
London & Metropolitan
South Staffs. Water
Swire (J)
Interims:
Dunedin Worldwide Inv. Tst.
Kelsey Inds.
Millwall
Rodime
United Drug
Young (H)

Company meetings are annual general meetings unless otherwise stated.
Please note. Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

Japanese companies squeeze their white collar workers

The tradition of jobs for life is forcing Japan's bosses to look at novel ways of getting more out of their office workers, writes **Emiko Terazono**

In Europe and the US companies simply cut staff. But in Japan – where the tradition of lifetime employment remains deeply ingrained – the inexorable global trend towards flatter corporate hierarchies is posing an awkward challenge.

So far, the restructuring of Japan's business sector has focused mainly on cutting production lines and paring manufacturing costs. But during the past few months attention has switched, as it has elsewhere in the world, to the difficult issue of how to reduce the many layers of white collar workers.

The methods chosen by the Japanese have been necessarily different from those employed by western counterparts.

Some of Japan's blue chip companies have been forced to announce sackings and early retirement plans. But the public outcry has been so great that others are now trying to find new ways to increase the efficiency of their existing white collar staff without getting rid of them.

Some companies, for example, have tried to deal with the problem by shifting unwanted employees to subsidiaries or to smaller client companies. Others, such as the leading consumer electronics company Sony, are trying to introduce a more Japanese solution through comprehensive reorganisation schemes.

"For the first time in decades, Japanese businesses must rethink their functional priorities," says Shintaro Hori, director of Bain & Company Japan, the management consultancy.

Sony's plan, announced in March, is intended to tackle a bureaucracy which appears to have been seriously hampering the company's decision making.

The company has therefore reorganised its 27 departments and sales divisions into eight internal "companies" and cut the number of subdivisions and departments from 580 to 450. Sony believes this move will help to speed up internal communications and avoid duplication of projects in separate divisions.

Sony is typical of Japanese companies which concentrated on manufacturing efficiency while allowing executive grades to spiral out of control during the 1980s.

For instance, the consumer electronics company's manufacturing headcount increased by just 6 per cent during the eight years to 1992, but the ranks of its white collar personnel swelled by 139 per cent over the same period. Matsushita Electric Industrial, another large Japanese consumer electronics company, cut the size of its blue collar workforce by 24 per cent in this time, while its white collar staff rose by 47 per cent.

However, given the continued decline in corporate earnings and the lack of further room to cut production costs, companies are now finding that their bloated management bureaucracies are proving an unacceptable burden. The competitive disadvantage was illustrated by a Japan Productivity Centre survey in 1992, which found that Japanese manufacturing companies would have to eliminate 39 per cent of their head count to reach overall US productivity levels per employee.

Moreover, until recently, Japanese consumers indirectly subsidised low white collar productivity through higher prices for goods and services. However, the recent pressure on prices, arising from the slump in consumer confidence and new attitudes among shoppers towards discount retailing, have squeezed profit margins, thereby eliminating the "fat" which effectively subsidised inefficient performance.

Matsushita, which also implemented its corporate reorganisation last February, will move 300 administrative staff to its sales divisions, and reduce its 48 business divisions to 10. Susumu Ishihara, director of Matsushita, says the layers of administrative managers had caused the company to misread the market and to miss profit opportunities.

To measure its rise in productivity, the company has pledged to increase its ratio of pre-tax profits to sales from the current 1.4 per cent to 5 per cent over the next three years. Similarly, Sony is also pushing its managers for more efficient use of capital. "Each company president will be responsible for not only the profits and losses, but also for the balance sheets of the organisation, including the return on equity," says Tamotsu Iba, Sony's executive deputy president who masterminded the company's reorganisation plan.

While some companies are trying to raise white collar productivity through structural changes, some are placing stricter quality requirements on their managers.

Honda, the automobile maker, recently announced that it would place a time limit on managerial posts. Starting from June, if a manager fails to be promoted within 12 years, he or she will be forced to a non-managerial post without subordinate staff.

The plan has provoked criticism among the Japanese media and business analysts, but Honda says that it is trying to provide more opportunities for its younger staff and to improve the productivity of its older managers. According to the company: "It's tough on the older workers but the younger employees are welcoming the move."

Spurred by this productivity drive, more and more Japanese companies and employees realise that the old definition of office work is no longer valid.

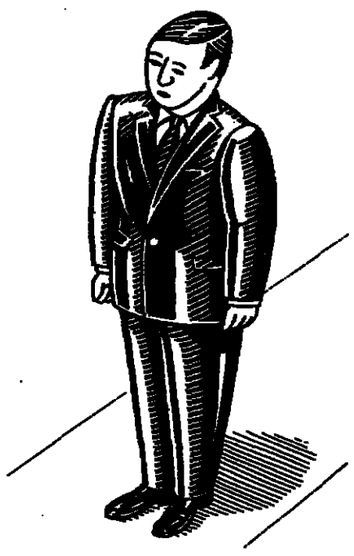
Tasks such as writing reports and filling forms have been traditionally regarded as office work, but the concept of white collar workers actually adding value to products or services has been absent.

Hori points out that Japan's business leaders have first to define what they mean by productivity of office work, set targets for improving it, and try to add value through strategic planning by companies and industries.

Ultimately, business leaders will need to set new ground rules for employees, as the traditional social contract breaks down. In the past companies guaranteed workers a path up the corporate hierarchy in return for loyalty and service. In situations where "bucho" or division managers find themselves losing their titles and becoming ordinary staff, companies need to map out a new direction for them.

In the meantime, more companies may have to face up to the inevitable – the reduction of overhead costs, western style. While many leading Japanese companies will continue to resist the concept of sacking staff, they may not achieve successful results without wielding the white collar axe.

"The magnitude of excess is too large," says Hori. "With too much organisational slack, bringing in new values is impossible to achieve in the short term."



A Sony manager's tale

Sony's reorganisation has been good news for Yoshihiko Yanagimoto, a 42-year-old general manager of one of the group's eight new in-house companies.

The reshuffle has streamlined his responsibilities, which previously included development and marketing of any sort of product linked to personal information hardware from personal computers to CD-Rom. "There was never a clear sense of direction because everyone was involved in everything," he says.

Now he is in charge of developing personal communication hardware around Magic Cap, a new communication software that integrates electronic mail, facsimile, telephones and paging systems. The other assignments he previously held have been shifted to the in-house Computer Systems Business Company.

Yanagimoto says this has allowed him to concentrate on the planning and developing of one theme. It has also meant that Sony itself is more focused on its plans in the next generation information and communications area. Meanwhile, the creation of internal "companies" has shifted power to the heads of groups from the central administrators.

"We are having to deal less with the corporate headquarters since most of the decision making is done within the [in-house] company," says Yanagimoto.

The removal of extra administrative layers has also meant that decisions made at headquarters rather than the individual internal companies are processed much more quickly than before. "I was always aware of the size of the company getting in the way of new business decisions," he says.

Sony's changes have not worked well for everyone. Unlike Yanagimoto, who has retained his old responsibilities in the same product area, and looks over the same number of subordinate staff, some managers have been given completely new assignments without staff directly under them. "There are some people who are discouraged with their new mission," he says.

DESERT ISLAND MANAGER

Peter Middleton

A spell on a desert island is probably the last thing Peter Middleton, chief executive of Lloyd's of London, needs as he battles to take the insurance market through the worst losses of its 300-year history. But Middleton, who last week announced losses of £2.05bn for the 1991 year, is confident he could survive. "I'd be all right on my own. That would not be a problem," says the man who once trained as a monk.

What would you need, apart from fax and telephone, to carry on your business?

"A small alarm clock and calculator. I would want a structured programme. I think it would be important not to let the environment let you drift into losing discipline. I would use the telephone to conduct a series of planned meetings during the day and the fax to systematically receive information from the market at night. I'd need the calculator to speed up financial analysis. I wouldn't want to work out various ratios, such as Lloyd's expenditure as a percentage of premium income, on my fingers."

How would you keep your sanity? What would you read?

"Given the circumstances, I would take Saul Bellow's *Mr Sammler's Planet*, a novel written shortly after the successful US space mission to the moon in 1969. The inspiration of the work is a man looking at his life on earth as if he were on another planet. On a desert island you'd clearly see your life differently. *Principia Mathematica* by Bertrand Russell and Alfred Whitehead is another possibility. I've been battling my brain with that for 30 years."

How important would music be? "I think I'd thought a day without listening to Bach an hour or an hour of good music. It is the easiest way of breaking out completely from Lloyd's. I don't have any specific fix about music. Mozart, which always sounds so fresh, would be an obvious choice. If it was only one compact disc it would be Shostakovich's 7th symphony. A great achievement of telling a story through music."

Which film?

"Easy Rider. *In the Heat of the Night*, starring Rod Steiger and Sidney Poitier. Steiger's performance and the film's exposure of racism are both attractive features. A brilliant film. Seen it five or six times."

What about food and drink?

"I am addicted to lemonade; drink cans of it a day. But it's not enough. So I'd definitely go for a stock of good burgundy to accompany as large a steak as can fit on a plate. I like an occasional glass of beer. Because I have not got Sky TV, I sometimes find myself going to a pub to watch football."

How would you occupy yourself?

"I would make a serious effort to keep fit (Middleton, once an Olympic-class runner, runs three times a week). But I would need to take about 10,000 cigarettes. There is no way I would use the opportunity to give up smoking."

Which person would you like to accompany you?

"There are two quite different approaches. One would be a historical figure. It would have to be Napoleon. Everybody concentrates on the military aspects and forgets that in his spare time he devised the whole of the civil code in France. As for a living person, absolutely not a politician. I'd prefer it to be an ordinary man or woman from a culture I knew little about, from a remote part of China or Latin America, for example."

Weird and crazy world of Tom Peters

LUCY KELLAWAY

On my desk is a photo of world famous management guru Tom Peters smiling broadly in a pair of pink boxer shorts. The picture has been taken for his forthcoming book *Crazy Times Call for Crazy Organisations*, an ambitious work aimed at everyone from the chief executive to the janitor.

In an accompanying letter sent by Peters to "various friends" in the media, he explains that the idea of a $15 book for those who cannot afford his $2,000 seminars "felt right – very, very right". He also warns that book is going to make readers angry. Before I have even opened the covers I am a feeling annoyed, though not perhaps in the way the author intended.

The title gets on my nerves a little; the picture, a lot. Why is it that management gurus feel the need to grow their hair, wear kipper ties or have their pictures taken half undressed? Perhaps the sad truth is that most people will not buy books about organisational structures unless a zany personality is thrown in too.

The thesis by which Peters hopes to enrage his audience is that there is no future for sane companies in this insane world.

Organisations must go beyond the management crazes they are now grappling with – re-engineering, TQM, empowerment, change – and enter an era of revolution and reinvention.

He may be quite right, but I am worried about his premise. Why does he think these are the craziest times for 200 years? They strike me as being sane enough, if sometimes a little grim. I'm not sure I like his recommendations for individual behaviour either. He urges us to behave like entrepreneurs building portfolios of skills and marketing our wares. We are also advised to use words like "apeshit", "weird", and "freaky".

This sounds like a recipe for Tom Peters clones. He certainly has no problems when it comes to selling his own wares. He has already put in a plug for his next book which he says will be a "Wit and Wisdom" format, and should be with us in a matter of months. I hate to think which item of clothing he will take off to market that one.

McKinsey, the management consultancy which prides itself on the quality of its analysis, is being alarmingly thorough in its latest recruitment efforts. It is looking for accountants with top degrees, flawless professional qualifications, and up to seven years' glittering experience in the real world. Anyone answering the description should send in a full CV including their grades in the A-level exams they did at school.

Come off it, McKinsey. Is it really relevant what an experienced, top-flight accountant was like at school? If so why stop at A-levels? What about O-levels? Or those new exams that 7-year-olds do? Why not find out when they took their first steps or counted to 10?

As I fluffed my own A-levels, it is natural that I am a little sceptical. But I'm sure Tom Peters would agree that what sorts out successful people is that they go on learning and reinventing themselves.

The issue of oldies in the boardroom has surfaced again following the appointment of 72-year-old Sir Michael Palliser to the board of Exploration Company of Louisiana. Ageist remarks about the choice have made some Veds (Very Elderly Directors) quite cross. Roland Shaw, the 72-year-old chairman of Premier Consolidated, wrote an irate letter to the Financial Times pointing out that the great Armand Hammer was in his nineties when he stepped down at Occidental Petroleum.

Now I am sure that veteran diplomat Sir Michael will do an excellent job helping this little, loss-making oil company in its search for the black stuff in China. I also agree with Shaw that some directors stay on the ball for a long time. I would not have chosen Hammer as an example, though. His many critics would say he was a raging megalomaniac who spent more time furthering his own reputation than that of his company.

However, as a general rule, 70 does seem is a bit old for a seat on the board. As people get on in years they get less willing to embrace change, while non-execs who have retired from executive jobs have less relevant experience to offer as time goes on.

There is, of course, no point in being too dogmatic about it. The ever youthful Sir John Harvey Jones with his flowing locks (and kipper tie) has just reached 70 and has said now is the time to stop being a non-exec. Meanwhile, Lord Weinstock, his exact contemporary at GEC, is showing no immediate signs of passing on the mantle.

Mary Spillane, who makes a handsome living telling western businessmen whether single or double breasted suits better flatter their physiques, is now planning to set up in Russia. "The new Russian elite wear shiny suits which don't fit properly. They look very greasy, flash – not trustworthy. They need a lot of help," she says.

Some might say that the idiosyncratic dress sense of Russia's new businessmen is not the most pressing of the country's problems as its economy goes into free-fall. Yet Spillane is raring to go, and has lined up a grant from the Bank of Siberia and found a partner who used to be the Visa Officer at the Russian Embassy in London.

Perhaps Peters is right. These are crazy times, after all.

WORKING LIFE/SPORT

HEALTH

Marks gets a measure on stress

Everywhere you look, someone is promising to take your stress away. Consultants and health centres offer hypnotherapy, relaxation tapes or mud baths. In this atmosphere, it is easy for companies to assume that their employees will take care of stress on their own time. But when does stress become so severe that it is a company's responsibility to take notice?

"The scenario when someone disappears from work, or when the men in white coats show up, is an extreme sign that stress has become unbearable," says Paul Litchfield, assistant registrar at the Faculty for Occupational Health in the Royal College of Medicine.

But stress is something that mounts, and some companies believe that the time to act is long before things get bad. Marks and Spencer, the UK retailer, has just piloted a "Managing Pressure" programme, designed to teach employees, from senior management through to the shop floor, how to cope with an "unprecedented" set of pressures from inside and outside the job.

"We thought it would be better to get to people in training programmes while it was still pressure and not stress," says Sally Young, executive for health and welfare at M and S.

Dr Celia Palmer, a former member of M and S's head office occupational health staff, and Steve Williams, an organisational psychologist at Resource Systems in Harrogate, Yorkshire, designed the programme, which was piloted last October among 17 supervisors and sales assistants in one of the company's Midlands stores.

Palmer and Williams based the programme on the Occupational Stress Indicator*, a questionnaire that gives individuals a comprehensive picture of their "stress profile". Respondents answer 167 questions on job satisfaction and personality, such as: "Generally and at work, do you usually feel relaxed and at ease or do you tend to feel restless, tense and find it difficult to settle down?"

Resource Systems produces a three-page report on all the sources of an individual's stress. For M and S, Williams and Palmer have developed a "workbook" which would advise employees on how to deal with the pressures identified by the OSI, and a workshop to advise employees on how to cope with the issues raised in the OSI and the workbook. M and S plans to train managers and occupational health advisers to facilitate the programme.

The workbook offers some familiar stress reduction methods: relaxation techniques, physical exercise, hobbies, tapes, yoga. It also suggests strategies for time management, improving relationships with colleagues, and coping with corporate change.

Litchfield warns against companies using such programmes to let them off the hook. "It is very easy to concentrate on how stress affects the individual," he says. "But really you have to go back and see how the company exacerbates stress. Just telling the person on the shop floor to listen to some relaxation tapes is not going to address the source of the problem."

Palmer says, in M and S's programme, workshop facilitators

will find out what employee concerns are and feed the information up to management.

In March, participants in the pilot filled in the OSI again. Williams found that their job satisfaction had improved by about 9 per cent. Now the company has to figure out how to evaluate the programme's effectiveness. Individual progress can be measured by the OSI, but measuring the bottom-line return on investment for the company is more difficult.

To date, the company has spent £40,000 on developing the programme and expects to spend another £100,000 for a full launch.

M and S ultimately hopes to measure changes in sickness absence, staff turnover, accident rates, customer satisfaction, and employee productivity. But Williams says: "There are not any panaceas here. We are not trying to remove all stress or pressure. The programme has limited objectives to help people manage pressure. We know there is a relationship between pressure and productivity so we are hoping that these kinds of things will come out in the measurement figures as we put these programmes into more stores."

**The Occupational Stress Indicator is available from Resource Systems, Claro Court, Claro Road, Harrogate HG1 4BA TEL: 0423 539529*

By Motoko Rich

FINANCE

How to cut that car tax burden

If you are paying more tax than last year because of your company car, there are ways of reducing the burden.

Under the new car tax system introduced in April, employees pay tax on 35 per cent of the manufacturer's list price of the car when new, plus the price of any accessories and value added tax. (Drivers with personalised number plates can now heave a sigh of relief – the Inland Revenue recently confirmed that these do not qualify as accessories.)

Buying a second-hand car will not help reduce the tax bill because you will still be taxed on its full retail price. However, if your company car is four or more years old at the end of the tax year, the list price will be reduced by one third.

The age of the car is measured from the date it was first registered, so those registered before April 6, 1991 will qualify for the reduction in 1994-95.

The tax burden can also be brought down for those who are able to increase their business mileage. Drivers covering 2,500 - 17,999 business miles will have a reduction of one-third on their assessment, while those covering more than 18,000 will receive a discount of two-thirds.

So, if the car's list price (including VAT, accessories etc) is £18,000, you would be taxed on 35 per cent of this, that is, on £6,300. If you drive more than 18,000 miles, the tax charge would be on £2,100 and if the car is also more than four years old, the taxable amount would fall to £1,400.

Another savings tactic is to drive a van. Maurice Parry Wingfield, tax partner at Touche Ross chartered accountant says: "While driving a van will not be to everyone's taste, there are many kinds of 'van' to consider, including four-wheel drive pick-ups, which are often used by people as leisure vehicles."

If none of these ideas work, probably because your car is a perks car with business usage of under 2,500 miles, you may be considering opting for a salary increase instead of the car. The problem is of course that you will be taxed at your marginal rate on the increased salary.

However, if you also need a car for your private use, the most tax efficient method might be to take a smaller salary increase, combined with an interest free loan from your employer to buy a car yourself. This is how it might work. If you were buying the car from your employer, you would have to buy it at "market value" to avoid further tax. The loan benefit will not be taxed so long as you only borrow up to £5,000 and you do not have any other outstanding loans from your employer.

Andrew Frape, tax partner at chartered accountant Wheawill & Sudworth, reminds those running a private car that charging your employer business mileage is attractive. Under the Inland Revenue's Fixed Profit Car Scheme, the employer pays tax-free mileage allowances to employees for business miles they cover with their own car. As long as the amount paid does not exceed the set rates, under the scheme you will not be taxed on the cash received.

By Scheherazade Daneshkhu

STYLE

Wicker world

On the face of it, it's hard to see how the traditional wicker picnic hamper keeps going – being as it is, bulky, apt to spike the legs of the person carrying it, no good at keeping things cold and not especially strong. Yet it's hard to imagine appearing for Glyndebourne, Henley, Royal Ascot or a punt on the Cam with anything other than the inefficient old wicker basket our grandfathers used.

The two most readily available ranges come from Antler (the suitcase people) and Optima, a Sussex-based company. Both can be found in John Lewis, Selfridge's and Harrods, and offer an assortment of styles and patterns, from Optima's Tropicana two-person hamper at around £75, to Antler's vast Summer Fruits model for eight, costing £850. In between lie all manner of two, four and six-person designs, including whole willow baskets, split willow baskets, baskets with flat or trunk lids and baker's baskets. The latter are basically Little Bo Peep hampers, with a large carrying handle on the top and two hinged flaps on either side. Affected, perhaps, but it does mean there's no risk of the lid bursting open and, as one Glyndebourne-goer put it: "Dumping your coronation chicken all over the feet of one of your directors." On the debit side, the cutlery of the Antler range can look utilitarian; likewise the tendency of both manufacturers is to put in tumblers rather than stemmed glasses.

No questioning the robustness of Swaine Adeney's fitted hamper, however. Swaine Adeney, of Piccadilly, does a beautifully-made hamper for four persons, at £395; or for two persons, at £249. For this, you get French porcelain plates and mugs, good-quality leather fittings, and real exclusivity. Yet even Swaine Adeney has difficulty beating its Piccadilly neighbour, Fortnum & Mason. From The Romantic, for two persons, at £135, to The Pall Mall, at £795, Fortnum's offer an extravagant variety of styles.

By Charles Jennings

Soft shoe shuffle

They sound like lyricist and songwriter or a comedy duo. But in fact Eddie Haan and Trafton Cole were shoemakers from Chicago in the 1920s. Like Kleenex and Hoover, Cole-Haans are almost a generic term to Americans. The penny and the tassel loafer for instance – both very Ivy League, very Scott Fitzgerald – are traditional Cole-Haans in the US. You can almost see Gatsby putting on his scotch grain, moccasin construction, cushioned heel Cole-Haans before choosing from that incredible shirt collection.

Today those handsewn moccasins would cost him £149 and he could have them with or without tassell in many shades of brown and black leather, as well as in suede.

At the company headquarters in Yarmouth, Maine, craftsmen still concentrate on the artisan

touches of the Cole-Haan brand. These include quality of fit, hand-burnishing the leather (which brings out its character), intricate hand-weaving and hand-tooling for Western Boots, British Oxfords and what they call classic Bucks.

Launched at Harrods, Cole-Haans for men have only been in Europe since late last year, although some of the women's shoes have been available earlier. In the US they are worn on every campus, in every office and, the ever-popular deck shoes, in every resort.

Cole Haans for women at Harrods, Liberty, Dickens and Jones, Bruno Magli, Bond Street and Bentalls, Kingston. For men at Harrods and Kurt Geiger, Jermyn Street.

By Kathy Phillips, Beauty Director of Tatler

READING MATTER

After The Gold Rush

Stewart Lansley and the Henley Centre. Random House, £20, pp269

It is an old cliche that money does not make you happy. It is also a pressing political reality that economic growth has made much of the developed world not just unhappy, but bitterly divided and socially unstable. This is commonly blamed on a decline in spiritual values, which may be true but is of limited use in policy terms. What is needed is a more objective look at the phenomenon, which may give clues on whether it is reversible.

Stewart Lansley's After The Gold Rush is a fair shot at a daunting topic. The author starts with a grim picture of a developed world in crisis: mounting unemployment, a widening gulf between the rich and poor, a declining belief in government and the onset of what he terms "the politics of exclusion".

The root cause, Lansley argues, is that rising affluence has brought with it a change in the nature of consumption. People can afford the essentials, and concentrate instead on "symbolic goods", such as a flash car or a second home: goods whose essential point is what they say, not just about those who own them but those who do not.

Together with this has come the rise of what Lansley terms "competitive individualism", whereby most people seek to shake off collective responsibilities. This, he suggests, explains such developments as the fall in top tax rates across the developed world in the past 20 years, and the drop in trade union membership.

So is there a way out? Ultimately, says Lansley, that depends on one crucial question: whether people will reach saturation point in their demand for symbolic goods. If so, they can opt for more leisure, altruistic concern for others and rational use of scarce resources. Will that happen? Only perhaps, says Lansley. "There is reason to believe such a limit exists, but that we are not yet close to it."

By Tony Jackson

EATING OUT

Echikatsu: a quiet oasis in downtown Tokyo

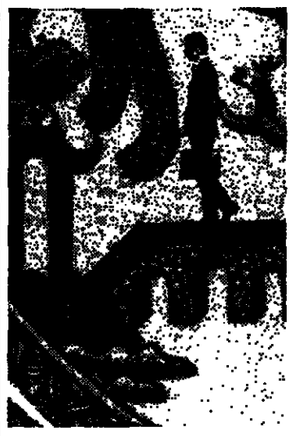
A compensation of doing business in Tokyo is the thrill of discovering the many green oases hidden between the sprawl of office blocks.

One of the nicest of these is Echikatsu, a cottage restaurant endowed with a water garden, in Kanda, downtown Tokyo, only 15 minutes taxi ride (Y960) from the Otemachi business district.

As you pass Echikatsu's wooden gate and cross its cobbled courtyard, the sound of traffic recedes and peace descends. A kimono-clad waitress ushers you to your private tatami-mat room, thoughtfully adapted for westerners by the addition of a leg pit under the table. Sliding paper doors open on to a gurgling brook stocked with carp, and lined with candle-lit stone lanterns and bamboo. Tokyo seems miles away.

Echikatsu's specialty is shabu-shabu (rough translation: slosh slosh) or beef teriyaki. They both feature thin-sliced beef and vegetables cooked at the table. Even unadventurous foreigners have been known to like these and Echikatsu will equally please a Japanese guest.

The food is excellent, copious, and healthy. But steer clear of the wine list. As in many Tokyo restaurants, it is limited and expensive. I paid Y3,500 for a bottle of Piat d'Or, one of the only two white wines on offer. Stick to sake (rice wine) or beer. In any case, Japanese food was never meant to mix with French wine. Shabu-shabu for two, plus wine, came to just over Y25,000 ($240),



reasonable for a restaurant of this class.

Echikatsu is suitable for serious business discussion in small groups. It is upmarket, private, quiet and there is lots of room to spread papers around on the tatami floor. The service is unobtrusively attentive. Equally, its charm makes Echikatsu good for romance.

Ask your hotel or secretary to book a room facing the garden and to get Echikatsu to fax you a map. It is well known, but Tokyo taxi drivers are terrible navigators.

Echikatsu is open from 5pm to 9.30pm. Bookings only. No English spoken. It accepts leading credit cards. Phone 3811-5293.

By William Dawkins in Tokyo

Picture research on this page by Tricia Lee and Suzie Kew

SPORT: LAURA THOMPSON

Blessed break for the game

Football has not gone away, it has merely gone to America. Yet for England the season is over. Am I the only person to think that this is not a tragedy, not an injustice, but a blessing? What English football needs now is a rest: *reculer pour mieux sauter.*

England did not deserve to qualify for the World Cup. They had the ability to do so and they squandered it. Under Terry Venables they have given three performances vastly superior to those under Graham Taylor, in that the team now seems to be playing football rather than wasting time in between set pieces. But this fragile, if promising, renaissance hardly justifies the feeling that England have been done out of their rights and that it is, somehow, somebody else's fault that they are stuck at home this summer.

Alright, England didn't get asked to the party of the year and then, after the invitations were sent out, they metamorphosed from physically repellent collectors of Dr Who memorabilia into Debs' Delight. But at a time when the team is rebuilding itself it is better, far better, to be cool, to be absent, to hint at what might have been but probably would not have been, to watch poor old Ireland huff and puff against the runny, ice cream-fluidity of the Italians and to be spared the powerful embarrassment of singing a World Cup song.

The season's song was sung, instead, by Manchester United who, in a strange way, became the object of the focus that is normally concentrated upon a national team. Romantics loved them and curmudgeons hated them for their careless, sporadic superiority. They aroused strong, unifying emotions, even in people who supported neither them nor their rivals. Almost every event of the season was viewed in relation to this one team: Aston Villa did not win the Coca Cola Cup, they stopped Manchester United winning it. Blackburn did not nearly win the League, they nearly stopped Manchester United winning it. Respect for the team was often grudging but always great; when they achieved the double with an FA Cup winning performance as cheerless as the sky above it, the complaints were not borne of mere churlishness but of a child-like disappointment that, on their glory day, the glory boys had played no differently to any other team.

Still, they have had their effect upon English football. The feeling that England deserves to be in the World Cup finals is not unconnected to the sense of pride, of style, of a story worth following, that has been instilled in football by United. For too long the sport has lacked a team like them: a team that transcends the necessary, but limiting, traditional allegiances. That is what the national team should do. Manchester United may have helped them to do it.

Of course, the glamour players of United are the foreigners. Of course much of English football is still symbolised by Arsenal's Cup Winners Cup performance against Parma: a game in which one counted down the minutes instead of living through them, and watched traffic policemen bar the way of Ferraris. But Arsenal still won, didn't they? Manchester United still need the stalwart services of Bruce and Pallister and Ince, don't they?

It is typical of the English that they should blame somebody else for keeping them from the World Cup finals. It is also typical that this aggressive self-aggrandisement should conceal a defensive self-doubt and that, deep down, they should feel that "somebody else" is in fact better than they are. Certainly English bombast about its football exists alongside a cringing obsession with foreign flair. Yet the truth is that English football has qualities of strength and bravery that are just as important as the more exotic, quicksilver skills.

Last season showed a willingness, on the part of enlightened managers, such as Terry Venables and Alex Ferguson, to advance their game by allowing the traditions of grit and flair to draw upon one another for sustenance. This augurs well for next season, though we should remember that greatness was promised four years ago when the English team returned from the World Cup, and that it took less than a year for the usual misery to start up again. We should remember, too, that the season ended not just with the hopeful images of Manchester United and England, but with Millwall fans overflowing like sewage onto the scene of their defeat.

This is the reality which confounds the fantasy football managers who spent last season constructing a perfect future for their sport. The beautiful game is still, perhaps, a long way away.

Left: England's Darren Anderton goes past Lars Bohinen of Norway as the two countries played out a 0-0 draw at Wembley yesterday. This was Terry Venables' third game in charge of England. Previously he has recorded wins against Denmark and Greece

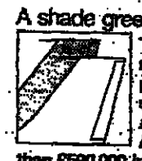
Main events

TODAY: The French Open begins its two-week run in Paris. Steffi Graf, who has won four straight grand slams and should again sweep through the women's singles. Her path is clear of young challengers. Jennifer Capriati (18) entered drug rehabilitation last week and even though Monica Seles (20) seems to have recovered physically from her stab wounds, she shows little interest in returning to the sport.

SUNDAY: Formula One motor racing resumes its gloomy season with the Spanish Grand Prix at Jarama, after the deaths of Ayrton Senna and Roland Ratzenberger at Imola in Italy and Karl Wendlinger's crash in Monte Carlo. The F1 teams are struggling to modify their complicated cars to meet new safety rules by Sunday. The comparatively low-tech US Indycar teams have no such worries as they prepare for the main event of their season. A crowd of 400,000 will gather at the Brickyard for the Indianapolis 500, one of America's great traditional sports events.

BUSINESS TRAVEL

A shade greener



Trial recycling projects have saved Virgin Atlantic Airways more than £500,000 in the past year. The British carrier now plans to extend the scheme. Green-clad flight attendants will tour cabins on some flights urging passengers to recycle in-flight disposables, such as cups and newspapers. Virgin will donate to local communities and institutions, such as prisons and youth centres, discarded items from on-board hand-outs such as socks and eye-shades.

Indian delays

Travellers in India are likely to suffer delays and cancellations of flights on Indian Airlines, the main domestic carrier, because of industrial action by the airline's flight engineers, writes Stefan Wagstyl in New Delhi.

The engineers, who started their work-to-rule a week ago, are demanding improvements in their pay and conditions on the state-owned airline.

They claim they have fallen behind their counterparts working for India's newly-launched private airlines.

Travellers are advised to change their reservations to the private airlines wherever possible.

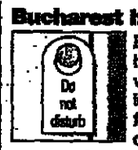
Little competition

Small central and south American airlines must join forces to compete with US carriers for a share of the high growth in travel from the US to Latin America and the Caribbean, according to Mr Robert Booth, an aviation consultant at the International Airline Chief Executive Officer conference in Florida.

Alliances would help small airlines cut costs, which he said were 25 per cent higher than those of their major competitor, American Airlines.

They had also to "spend some money on promotion and advertising", he said.

Bucharest hotel



Bucharest now has a first-class, western-run, luxury hotel, following the opening this month of the Hotel Sofitel, part of the French chain.

Situated in the city's new World Trade Centre, the four-star hotel has 203 rooms, two restaurants, a gym and, from September, a swimming pool and full fitness centre at neighbouring Lake Herastrau.

Single rooms start at $175, double rooms at $190.

For reservations and further information, telephone 40-1-2122998, fax 40-1-2115688.

Mahjong ban

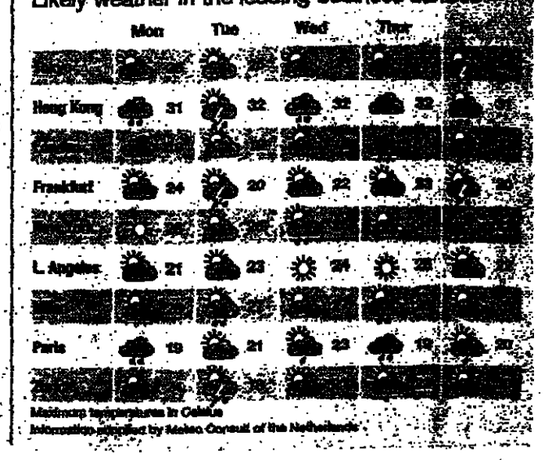
Taiwan's China Airlines (CAL), under pressure about safety after its worst crash, has banned its pilots from playing mahjong while abroad after they were criticised for living decadent lives, say airline officials. CAL has ordered all flight personnel not to play mahjong while travelling, Hsu Chia-yen, director of the flight operation division, was quoted as saying.

Taiwan has launched an overall examination of its aviation security after a CAL Airbus A300-600R exploded and disintegrated as it tried to land at Japan's Nagoya Airport on April 26, killing 264 people.

New Tupolev

Vnukovo Airlines, the main Russian domestic carrier, hopes to certify the new Tupolev Tu-204 medium-range airliner by the end of this year, an official said. The airline plans to use the 214-seat twin-jet on internal routes to replace the ageing Tupolev Tu-154 airliner. Three Tu-204s are at present carrying out regular cargo flights inside Russia and abroad. The first flight tests for the passenger version of the jet started in December and no serious problems have been reported, the official said. Some passenger variants of the new aircraft will be fitted with Russian engines and some with power plants made by Rolls-Royce of the UK.

Likely weather in the leading business centres



Visiting many east European cities is a pleasant surprise after Russia, says **Chrystia Freeland**

No survival kit necessary

Alan Harper

Budapest: the city combines Prague's architecture with Warsaw's gritty economic dynamism

I set off recently for eastern Europe with the pugnacious attitude and survival kit – cigarettes, US dollars in small, unmarked bills, and snack food – that would be necessary for travelling in the former Soviet Union. In the old, communist days, eastern Europe was only a slightly kinder, gentler version of the Soviet Union, and in Russia these days travel has, in some respects, become more difficult.

But my painstaking preparations proved unnecessary. The eastern European heartland of Poland, the Czech Republic and Hungary has successfully emerged from the Warsaw Pact, and now have some of the highest rates of economic growth on the continent.

The first pleasant surprise was the new Warsaw airport. It is clean, well-lit and easy to pass through. Most Europeans and US citizens can enter the country without a visa, but even the Greeks, Turks and Canadians who do require visas can purchase them from friendly border guards for £30.

Visas, like almost everything else in Poland, are sold for zloty, the national currency, which, after its flirtation with hyper-inflation, is on its way to stability. Changing money straightaway at the airport is a better idea than expecting to pay in dollars.

The average fare for the half-hour ride from the airport to the city is about $15 and Polish cabbies are polite, likely to speak at least rudimentary English, and charge according to the meter. It is worthwhile chatting to your driver, because Warsaw's cityscape – the legacy of Poland's fierce resistance to Nazi Germany – is unfailingly bleak.

The communist-era eyesores, however, do offer one benefit: unlike better-preserved east European cities, Warsaw is relatively free of tourists, making hotel and restaurant reservations easier. The best place to stay is the gleaming Marriot Hotel, whose shiny towers in the center of the city are striking evidence of the arrival of capitalism in Poland.

For a more authentically Polish experience, have lunch or supper at the Belvedere Restaurant, perched on the corner of a park – 20 minutes from the centre – where, legend has it, Polish kings used to retire for trysts with their mistresses.

From Warsaw, it is an hour's flight to Prague, where the airport, border controls and taxi service are likewise hassle-free. The similarities end upon arrival in the city itself. Czech pragmatism preserved Prague from devastation during the second world war, and communism protected it from the excesses of the capitalist developers. Prague remains one of the most beautiful cities in Europe.

The Czech capital has become a popular destination for a nomadic tribe of American college graduates, who spend a year soaking up the atmosphere of older civilizations and hanging out, before joining the real world of suits and CVs. Czech officials claim Prague was one of the most visited capital in the continent last year.

For business people, this is a drawback. Finding a hotel room in the city, especially after the summer tourist season begins, can be a nightmare. Avoid it by booking rooms well in advance, especially if you want to stay at the magnificient art deco Hotel Europa, which is already receiving reservations for July. As a last resort, hotel booking services at the airport can usually be adequate.

I fled the tour groups, easily identified by the brightly coloured umbrellas held aloft by their guides, and took to the hills in a car rented from one of the half dozen western agencies with offices in the centre of the city. The gently rolling Bohemian countryside, dotted with medieval fortresses, is a Euro Disney fantasy but without the crowds.

Less than 150km south of Prague, on narrow but quiet, well-maintained roads, the walled town of Cesky Krumlov, dominated by a castle on hills overlooking the twisting Vltava river, makes a particularly pretty day trip.

From southern Bohemia, Budapest is a bucolic four-hour drive (most car-rental agencies permit drop-offs in other cities). Travel via Austria: the roads are better and the borders are civilised. Best of all, the contrast, or lack of it, between the Czech, Austrian and Hungarian border towns is heartening evidence of how quickly eastern Europe is catching up with the rest of the continent in terms of living standards.

The Hungarian capital itself combines Prague's architectural charm with Warsaw's grittier economic dynamism. Do not be put off by the airport, which is slightly drabber than those of the other eastern Eastern capitals, or the language, which is impenetrable to travellers with no knowledge of Finnish or Estonian. Just three hours by train from Vienna, Budapest is arguably the most cosmopolitan city in eastern Europe, with fine, comfortable hotels – try the Kempinski on the Pest side of the city – and dozens of lively restaurants and night-clubs.

You don't have to feel in the dark

Richard Tomkins offers tips on finding your way around the confusing New York subway

Riding the New York subway is tantamount to signing a suicide note, right? If you are not shot by a drug-crazed psychopath, you will surely be knifed in a mugging or caught in the cross-fire between warring urban tribes.

Actually, if that ever was the case, things have changed a bit. A sustained anti-crime campaign that began on the New York subway in 1990 is paying off. The city's transit police say that, of the 1,960 homicides that took place in New York last year, only eight were committed on the subway – from which they draw the slightly wayward conclusion that you are much safer below ground than you are above it.

Whatever the statistics, visitors to New York need have no hesitation in using the subway to get around. Nowadays the system is not only safe, but after years of heavy investment, it has become reasonably reliable. On longer trips up and down Manhattan, it is much faster than a taxi. And at a flat fare of $1.25 a trip, it is cheap.

On the other hand, it is not one of the world's most user-friendly subways: signposting is poor and the system has several quirks. So, for the novice, here are a few tips.

First, there are no tickets. Instead, you buy metal tokens from booths at the station entrances and use them to operate turnstiles leading to the platforms. There is no discount of any sort for bulk purchases. An electronic prepayment card (the Metrocard) is being phased in, but it does not yet work at all stations.

While at the token booth, be sure to pick up a subway map because they are scarce on platforms and trains. As you will see, most of the lines run on a north-south axis underneath the big avenues, so the system is rarely much use for cross-town journeys.

A big source of confusion to visitors is the way the trains and lines are described. Officially, the trains carry numbers or letters to tell you where they are going (for example, the number 1 train or the N train). But they are also named after the avenues they follow (such as the Lexington Avenue Express or the Broadway Local). And the lines are still widely known by the initials of the companies that built them – hence, the IRT, the BMT and the IND.

Note that there are two types of train: locals, stopping at all stations, and expresses, stopping only at the main ones. Different trains often share the same tracks, so it is important to check the train's number or letter before you get on. If in doubt, ask: once they are convinced that you are not going to kill them, New Yorkers are extremely friendly.

You should feel perfectly safe on the subway in Manhattan throughout the day and evening, although, as in any big city, it makes sense to keep an eye on your personal belongings. If for any reason you feel apprehensive, you can sit next to the conductor's cabin in the centre of the train.

Finally, one quirk that all repressed engine-drivers should experience is the carriage configuration that enables passengers to stand next to the driver's cab at the front of many trains. Top tip is to do this on the B train to Brooklyn. That way, you can play engine-driver as you go rattling over Manhattan Bridge and enjoy an excellent view of the Manhattan skyline as you come back – assuming, of course, you can elbow the other children out of the way.

Orly offers option of convenience

John Ridding explains why UK travellers might want to fly to the newly accessible airport

The ceasefire in the so-called Battle for Orly, brokered last weekend after tough negotiations between the British and French governments, means that UK airlines will be able to fly from London to the southern Paris airport by the end of June. For potential passengers the question is: why should they want to do so?

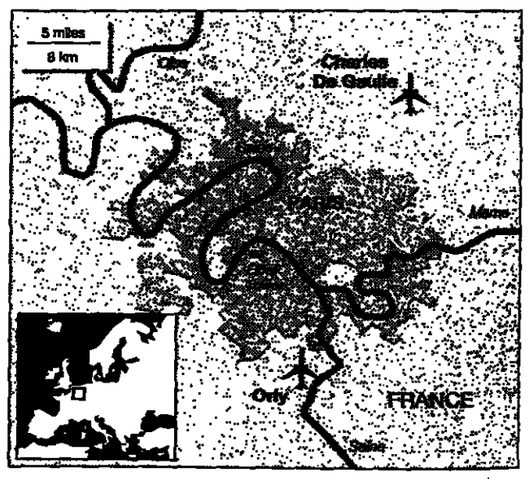
There are several reasons. At the top of the list is convenience for those travelling on to other French destinations. British Airways estimates that about 80 per cent of domestic French airline traffic flies in and out of Orly. The opening of the airport will avoid the need to trek across Paris from Roissy-Charles de Gaulle airport to make a domestic connection.

For many travellers, Orly will also represent a more convenient port of access to Paris. A shuttle from the airport links with the RER, the high-speed underground railway, which whisks passengers into central Paris.

The total journey takes about 35 minutes from Les Halles or St Michel in the heart of the city, slightly less than the journey from Charles de Gaulle airport. The more southern the destination in Paris, the more attractive Orly is.

To start with, the services will be limited to three carriers: British Airways, its French affiliate TAT European Airlines, and Air UK. BA plans to operate four return flights daily from London Heathrow to Orly, in partnership with TAT.

Air UK is planning to operate six return flights daily between London Stansted and Orly, in place of its five daily flights to Charles de Gaulle airport.



"We believe that Orly will prove more popular than Charles de Gaulle because of its proximity to the principal commercial and residential areas of Paris and because of its better domestic connections," says Mr Andrew Gray, Air UK's managing director.

Other airlines are also planning services. Virgin, British Midland and Lufthansa have expressed interest in operating the London-Orly route, although they have not yet announced any concrete plans.

Despite the potential advantages of Orly, however, there are some caveats for passengers to bear in mind. A one-day strike last week by Air Inter, the French airline that has a monopoly on most domestic routes, caused the cancellation of virtually all of its flights resulting in disruption at Orly airport.

Unions at Air Inter say they plan further industrial action in protest against the liberalisation of the internal French airline market.

MEDIA FUTURES

Commercial break-up?

Richard Tomkins on advertising prospects in an interactive age

The world's first television advertisement appeared on NBC's WNBT channel in New York on July 1, 1941. It showed a Bulova clock ticking, lasted 20 seconds, and cost $9. A little more than half a century later, television advertising in the US is a $30bn-a-year industry, and it is hard to imagine life without the commercial break.

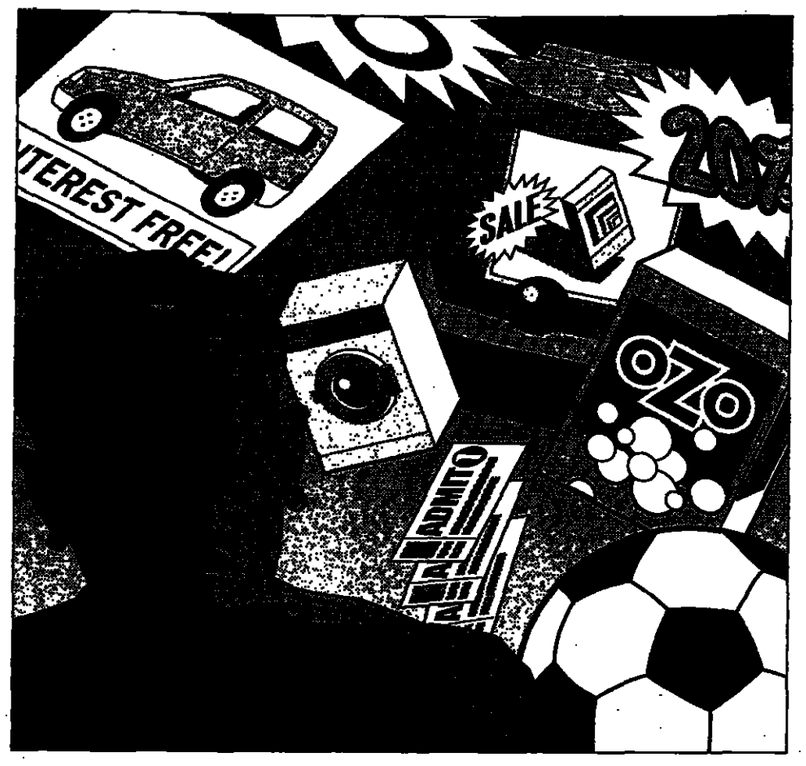
Yet that is the prospect that haunts Ed Artzt, chairman and chief executive of Procter & Gamble, the US consumer products giant. At a gathering of advertising agency leaders in West Virginia this month, Artzt shocked his audience by asking: "What if there is no place for traditional television advertising in the new media age?"

For Artzt, the answer is of more than academic interest. Procter & Gamble is not only the world's biggest advertiser, but spends nearly 90 per cent of its $3bn-a-year advertising budget on television commercials. The loss of such a powerful promotional tool could have unthinkable consequences for the company.

But why the alarm? Can there really be any prospect that television advertising is going to disappear?

If media prophets are right, television is set to change radically over the next few years. Mass broadcasting to a passive audience will be replaced by hundreds of viewer-controlled interactive channels that will give people the information or entertainment they want, on demand. The danger for advertisers is that, even supposing there is a place for commercials in this new era, people will prefer to watch (or interact with) the channels that do not show them.

US advertising agencies argue that this is an over-simplification. Not surprisingly, they like to see interactive television as an opportunity rather than a threat. For example, they say, imagine someone wanting to buy a new car. The viewer of the future might welcome the opportunity to tune into a special channel featuring nothing but car advertisements – particularly if he or she could conduct a "dialogue" with the screen, asking for more information about performance or safety features of different models. The same could apply to household appliances, electronic goods, or any other sort of purchase where consumers want to make an informed choice.



Other advertising opportunities would become available on channels specialising in sports and hobbies. Viewers of a golfing channel, for example – just like readers of a golfing magazine – would welcome advertisements telling them what products were available and where they could buy them. Similarly, a fashion channel equivalent of Vogue magazine could be crammed with advertisements for clothing and cosmetics.

This, however, does not answer Artzt's question. Where are advertisements for Procter & Gamble's products going to appear five years from now? Viewers will not want to tune into a special channel featuring interactive advertisements for Fairy washing-up liquid; nor will they expect their golfing programmes to be interrupted with advertisements for Tide.

According to Barry Linsky, senior vice president for planning and business development at the Interpublic group of advertising agencies, the gloom is overdone. True, he says, there are likely to be a lot of pay-per-view channels without advertising in the interactive future. But there is no evidence to suggest that viewers are prepared to pay significantly more for their entertainment than they do today, so most programming will continue to be supported by advertisements.

Prof Nicholas Negroponte, director of the Media Lab at Massachusetts Institute of Technology, disagrees. Theoretically, he points out, if manufacturers were no longer paying for television advertising, their products would become proportionally cheaper, so consumers would have more money to spend on home entertainment.

More significantly, Negroponte points to a future where programming is indeed still supported by advertisements – but advertisements aimed directly at the individual. For example, people using their interactive screens to book a salmon-fishing holiday in Scotland might switch on a baseball game the next day to find themselves watching advertisements for outdoor clothing or fly-fishing equipment in the commercial break.

Over time, interactive television would build up such accurate profiles of individuals from their viewing and buying habits that every advertisment would be individually tailored to meet their wants and needs. One commercial might suggest you book a table at Lutece for your wedding anniversary tomorrow; another could recommend a Hermès tie to match that shirt you bought last week; a third might remind you that you usually change your car around this time, and suggest you look at the new Lexus.

And so, yet again, Artzt's question comes back: where does that leave Procter & Gamble? Or for that matter, Coca-Cola, or Colgate-Palmolive, or Kelloggs, or all those other manufacturers of humdrum packaged goods that rely so heavily on repetitive advertising to support their brands?

Well, you could always pay people to watch their commercials, says Keith Reinhard, chairman and chief executive of the advertising agency DDB Needham Worldwide. He isn't joking. You could have machines on top of the television set that would reward people for watching advertisements by printing out money-off coupons. Or you could offer people a choice of viewing: watch the movie for $3 with the commercials or $5 without them.

"Maybe people will go to the washroom while some of the commercials are playing," says Reinhard. "But we've always had that problem – how to keep viewers engaged."

Another possibility is a return to 1950s-style advertiser-supplied programming, where one company or one brand supports an entire programme. Procter & Gamble has been sponsoring daytime "soaps" – domestic dramas – in the US since the beginning of commercial TV, which explains their name.

Even so, Negroponte maintains that he cannot imagine any context where he would want to see a Tide commercial in the interactive world. If he is right, the consequences could be devastating for sales of everyday branded goods.

Negroponte's advice? "I think if I was Procter & Gamble, I'd be buying billboard space," he says. "A lot of it."

● Sonic boost for Rocket

Rocket Science Games has moved onto the multimedia scene as one of the most promising start-up companies in the growing market for interactive computer games, **writes Louise Kehoe.**

This week the Silicon Valley company got cash backing from Sega Enterprises, the Japanese video games company, Sega's venture firm CSK Ventures, and Bertelsmann Music Group (BMG), the German music and entertainment group. Together these have invested $12m.

Rocket's launch team exemplifies the trend to splice Silicon Valley with Hollywood. The company's game developers are drawn partly from the computer industry and partly from the movie business.

Steven Blank, Rocket president and chief executive, is quick to point out, however, that the much talked about notion of blending talent from these disparate cultures is easier said than done.

"The 'Hollywood type' is potentially the kiss of death (for an interactive entertainment developer), if you find the wrong one," he says. "We don't have fancy Hollywood directors or actors. The people we have are out of the special effects business."

Rocket will introduce its first two games in time for Christmas sales this year.

Its games will combine the rich graphics of CD-ROM – the computer cousin of the music CD – with the fast action of cartridge video games, Blank says. Until now, these attributes have been mutually exclusive because CD-ROMs are relatively slow and video game cartridges have limited capacity to store complex graphic images.

Rocket has developed technology it calls "Game Science" that speeds up the performance of CD-ROMs by organising the layout of data on the disk so that the next image required in a game can be quickly located.

Unlike most game developers, Rocket will offer games to run both on personal computers and on Sega CD video game machines. Sales of games that play on video game machines reached $5.3bn last year, while sales of computer games were only about $800m, so the dual approach is a necessity, Blank says. Even before it launches its first products, Rocket is winning wide attention. "The best buzz in Silicon Valley at the moment is about Rocket Science," says Lee Isgur, a multimedia analysts with Volpe, Welty in San Francisco.

● Drawing across the phone line

Researchers are now pouring cold water on the idea that the principal benefit of videophones – telephones equipped with screens and videocameras – is the ability to see the person at the other end of the line, **writes Alan Cane.**

Much more important, they say, is the capacity to work together on the same task – a document, say, or a chart. In other words, the ability to share a workspace over the telephone line. Development engineers at Hewlett Packard, the US electronics group, are in the latter stages of developing a product which exploits this finding.

Called the "deskslate", it is essentially an interactive fax machine, enabling two people linked by a telephone line to examine, modify and annotate the same document.

Each has to have their own deskslate. It consists of a flat tablet about the size of a desk ledger; most of the top surface is taken up with a high-definition liquid display screen. Prototypes at HP's Bristol UK research centre have large personal computers hidden under the desk, to drive them, but the aim of the development engineers is to shrink the electronics into the slate itself.

An electronic stylus is provided to write on the screen and the slate is linked to a telephone handset. Documents, plans, memos and so on can be put into the slate by a variety of means – scanning or transmission from a conventional fax machine or personal computer.

● Question of two-way traffic

Viewers in the UK and the rest of Europe who think they can do better than television game show contestants are about to get the chance to prove it – and win prizes as well, **writes Raymond Snoddy.**

Interactive Network, a UK-based company set up by Bill Andrewes, a former senior executive of the Granada group, plans to launch trials in July of what it calls Two Way Television.

Two Way TV plans to make television interactive by piggy-backing on existing programmes such as the Blockbusters quiz show or live sport. A range of Two Way TV games can also be loaded into the set-top box that operates the system. The communication link is not provided by cable or "superhighways" but, like teletext, uses the blank lines in the television picture.

Interactive Network has developed technical concepts licenced from the US and believes it will be offering the first interactive TV of its kind in Europe.

The company has developed a simple push button keypad and mouse to enable viewers to register their answers to the questions in a quiz show. Scores then go up on the screen.

Families can simply play against each other or have their scores sent automatically by freephone to a central computer which pick the winners. There will be top prizes of £1,000 to make the games interesting.

The system will be launched in the UK later this year or early next and there is already considerable interests from other European countries.

Prices have not yet been fixed but the set-top box and four keypads will probably cost between £160-£180. A monthly subscription will cost about £6, with a complete rental package available in the region of £12.

As former chairman of Granada Rental, Andrewes says he is very aware how slowly consumers generally take up new technology. "This is a first little step towards interactive TV." He has already raised £4m for the venture and is in the process of raising a further £10m.

● Sega games go interactive on cable

By Michiyo Nakamoto in Tokyo and Louise Kehoe in San Francisco

Sega, the Japanese video games maker, is set to launch a cable TV games-on-demand service on a dozen US cable networks later this month and in Japan a few weeks later.

In the US, the "Sega Channel" will be available to almost half of the country's 60m cable TV subscribers. A joint venture between Sega and two of the largest cable companies, TCI and Time Warner, it represents the cable industry's first interactive service.

Sega said the services would begin in Japan in three regions – Tokyo, Nagano, in northern Japan and Mie, in the south. Subscribers to Tokyo Cable Network, LCV in Nagano and Cable Television Yokkaichi will be able to use the service.

In Japan, Sega will charge a monthly fee of Y3,000 ($29) which will cover the cost of renting a special cartridge that plugs into the Sega video game machine, and playing as many of the games available as many times as desired.

In the US, it says the service will be priced in line with "premium" cable TV channel services, which typically cost about $15 per month. Compared to the cost of new game cartridges, which typically sell for about $50-$60, this may be a bargain for video game enthusiasts.

● Faxing daily papers around the world

By Raymond Snoddy

A rather special edition of the Financial Times popped out of fax machines in Australia and New Zealand this week. The first fax edition of the paper is also on its way to Bermuda and South Africa and other places where its international edition still arrives late in the day or after the day of publication.

Wednesday's four-page fax edition – on pink paper – led with news of the latest losses at Lloyd's, the London insurance market, and naturally carried the Lex column. There was also a list of all the companies mentioned in the main edition, to encourage readers to buy the full paper. The special edition is free to readers – although providers such as hotel owners pay a fee based on the number of rooms they have.

Distribution by cruise lines and airlines is also being explored.

The modest testing of a faxed FT is the latest sign that, after seven years of trying, Vince Waterson, business development director of Faxcast, is getting somewhere in marrying fax technology and the vertical blanking interval in television pictures to create something new.

The data carrying capacity of the spare lines in the television signal, satellite and cable as well as conventional TV, is enormous and is much cheaper than international telephone lines. Add a special receiver linked to the fax machine and you have a new international publishing tool.

Waterson is already running trials on fax editions of the New York Times and is looking at everything from transmitting meteorological information to credit card validation.

He has backing of $25m from investors ranging from the Bank of Bangkok to Compagnie General des Eaux of France.

ARCHITECTURE

London has its priorities wrong

Colin Amery says emphasis should be put on transport and housing

Democracy has its dangers when it comes to development. We learned two weeks ago that the entire future of the London CrossRail project (a joint British Rail/London Transport plan for a tunnel from Paddington in the west to Liverpool Street in the east) was put in jeopardy, perhaps permanently, by MP's voting against it in an arcane committee.

In this case Parliament has not represented the views of those who live and work in the capital. Michael Cassidy, chairman of the policy and resources committee of the Corporation of London, wrote last week that the views of the City was not sought by the Commons' committee. The City sees CrossRail as a key component in plans for continued improvement of the area as a centre of European wealth generation.

More evidence that both government is out of touch over the kind of planning, building and investment that the majority want to see in the capital came in a Gallup poll, commissioned by property consultants Richard Ellis. It disclosed that more than half the world's largest investors believe the government is not doing enough to support London as a financial centre. About 81 per cent of those interviewed felt "the efficiency of London as a city has been impaired because of the UK government's unwillingness to invest public money in its transport system."

London is more than its transport system. It is its architecture and its town planning and its social ambience. Yet key decisions, taken in mysterious ways, decide major aspects of the city's future. As a guide to the significance of decisions as fundamental as CrossRail, it is worth looking backwards to see how important decisions have been made in the past.

The post-war rebuilding in the city in the 1950s and 1960s was in a similar style to that in bomb damaged German cities – the glass and concrete style of the Bauhaus was the architectural victor of the war. It inflicted equal pain on both sides. The City of London had a second major wave of building in the 1980s with an office boom which bequeathed the curious post modern style – a kind of decorated Bauhaus with more marble and granite. Barclays Bank's recently completed head office probably represents its apotheosis.

This wave had a partially hidden agenda. The City was bothered by the sudden growth of London Docklands and so in response gave developers almost free rein to build inside the City's boundaries. It was something of a panic reaction, which demonstrated the lack of much needed collaboration between the City and Docklands.

London was already much too big and badly serviced. The Docklands development was largely unnecessary and largely happened because businesses going to the enterprise zone on the Isle of Dogs were tempted large tax breaks.

Docklands is living proof that *laissez-faire* planning does little for a city. If a total London view had been taken of the area's role there was a strong argument for making it a large water and landscaped river park for the East End, surrounded by new houses to replace the tower blocks of Tower Hamlets. Controlled commercial and industrial development should have been balanced with residential, leisure and infrastructure uses.

The devotion of planners, developers and the rating system to the zoning whole areas solely for offices, combined with a refusal to improve transport leads to a grim life in working London. Why is it so rare for people to live where they and others work, in the City or the West End? Why is it so hard to find in London the kind of cultural street life you find in New York or Paris? Why are architects so frustrated? Because they are being asked to design endless offices and very little public architecture or private housing.

Once a city is agreeable and efficient to live in it will attract employment. London has for some time had its priorities wrong. Nobody needed the bankrupt Canary Wharf; no one needs the empty offices in the City; no one (except Peter Palumbo) needs the proposed offices at No.1 Poultry. Many of us in London need better public transport and want better housing.

Crescendo for Sir George

Lucy Kellaway explains that the opening of Glyndebourne's new opera-house this week is the pinnacle of the chairman's career

On May 28 1934 a special train left London carrying a grumbling group of music critics to a small town in Sussex. They were off to hear the Marriage of Figaro at a new theatre built by a rich English eccentric in the garden of his Elizabethan manor. Their expectation of the music was low, their resentment at wearing dinner jackets and travelling 50 miles was high.

Yet the following day the newspapers carried rave notices, and Glyndebourne has played to full houses ever since.

This Saturday, 60 years later to the day, 1,200 people will dress up and make the same journey with gladder hearts. They too will hear the Marriage of Figaro, performed in a new theatre built on the same site by the founder's son, Sir George Christie.

His is the first important opera-house to be built in Britain this century, and has been paid for without a penny of taxpayers' money.

The opening is a business triumph for Sir George. In 1987 when he first floated a plan to knock down the ramshackle old 800-seat building and replace it with an expensive new one, people thought he had lost his mind.

Yet doggedly, and without a hitch, he raised the £33m needed, and witnessed the completion of a splendid new opera house in his back garden on time and on budget.

Eat your heart out, Sir Alastair Morton, chairman of Eurotunnel. His project was declared open earlier this month a year late, and at twice the initial cost. And that was quick and cheap in comparison with the British Library, still not ready more than three decades after the initial plans were drawn.

My first glimpse of Sir George is an expanse of scarlet sock seen through a half open door where he is dictating to his secretary. He apologises for running late, and directs me to his study next door. Here among the battered leather-bound books and good furniture, a beige pug dog lies on a blue pouffe.

It is hard to believe that a few yards away from this preposterously English domestic scene scores of singers and musicians are engaged in earnest pursuit of artistic excellence.

Likewise it is hard to believe that the genial, gentlemanly Sir George, who presents himself in due course, is the executive chairman of the only opera company in Britain that covers its costs without public assistance. As he closes the door, he sets off the burglar alarm. "Oh damn," he says, and disappears to turn it off.

On returning, he tells me of one evening last year, when he heard a pair of thieves trying to get in through the window. He pursued them, giving chase in his Mercedes. "Their car wasn't all that fast. I was flashing and peeping, but I couldn't get them to turn round so I could get a look at them."

Despite the red socks and the car chase, Sir George is no chip off his father's eccentric block. While John Christie famously had his appendix removed simply to keep his young opera singer wife company as she underwent the same operation, his son appears measured and sensible.

Why did he embark on such an ambitious building plan in the first place? Sir George refers to his "venal" motives – as if unaware that the Financial Times is sympathetic to this sort of thing. "I wanted to make the theatre bigger to respond to the audience demand, to provide additional box office and to secure our long term future," he says.

"The funding strategy had an element of commercialism," he continues. Strong-arm tactics might have been a better description. The aim was to get most of the money from companies without granting them a larger share of the tickets than the 30 per cent or so they claimed already.

In the nicest possible way, Sir George told the existing 230 corporate members that unless they could each make him a present of up to £90,000 they could no longer be in the club. Some grumbled a little, but in the end only four failed to get their cheque-books out.

That done, he approached the companies on the waiting list for corporate membership. Fed up with what promised to be a 900-year wait (300 were waiting and on average only one member dropped out every three years) some 70 companies came forward, each paying up to £120,000 for the privilege.

I express amazement at the pulling power of Glyndebourne, and he shrugs. Its uniqueness has been a fact of life for him since babyhood. He attributes it to freedom from "the vagaries of government funding", to its season of three short summer months, above all to the high reputation of the performances. Only when pressed does he add Glyndebourne's snob value to the list; "the family's presence unquestionably has an effect."

It is not only special to the audience but to the singers, who readily agree to spend the summer singing at Glyndebourne for a fraction of the rate they might get elsewhere.

The successful completion of the new building was partly down to luck; Sir George raised the money in a boom, and built the theatre in a recession. But good timing alone does not explain how seven consultants and 50 subcontractors worked together so well. The secret, he says, was running the project "on a personal level. It has not been subject to huge committees and sub-committees".

Sir George will have been running the company from his home above the shop for over four decades when he reluctantly steps down six years from now. Then he will be 65 and his second son Augustus, who is his chosen heir, will be in his mid-30s. "Gus makes wildlife films, which makes him ideally suited for the job."

Augustus is no worse qualified than his father was when he took over at the age of 23. Sir George had always known he would assume the mantle and was brought up to be passionate about opera. But at the time he was "completely green", and certainly couldn't read a balance sheet. Yet soon he found himself plunged into the rude world of commerce.

Sir George shakes his head at the memory of the more impulsive business ventures, which the sensible son was forced to unwind on his father's death. "He owned a 120-bedroom hotel in north Devon, called the Sultan Sands. It was a disastrous investment."

It would be wrong to present him as merely the business behind the music. Although he has no training in opera – he's an "enthusiastic amateur", he says – he is closely involved in commissioning the works. The triumvirate – Sir George, the general director, Anthony Whitworth-Jones, and the music director, Andrew Davis – ensure the quality of the performances. In his younger days he used to tour Europe looking for singers, but latterly has given up his talent scouting because he loathes living out of a suitcase. Apart from the singers, who are on freelance contracts, Glyndebourne has a permanent staff of about 50, many of whom have worked there for decades. "I know it sounds smug, but we don't have a motivation problem here," says Mark Beddy, the finance director.

Saturday's opening should mark the pinnacle of his career, yet Sir George is showing no sign of nerves. "I'm so thrilled with the acoustics. I adore the look of the auditorium." Evidently, he feels it will be more than all right on the night.

Later, after our interview, I bump into him in the staff canteen. He and his wife are queueing up for their cannelloni, chatting and joking with some of the singers.

Being chairman of Glyndebourne must be nice work if you can get it. Or, as Sir George prefers to think of the job: "It is better than being a dentist or a vet."

NAMES IN THE NEWS

George Trumbull touches down in Australia

The US executive invasion of corporate Australia continues with the appointment of George Trumbull as the next chief executive of Australia's largest investment group, the AMP Society, writes Bruce Jacques.

Trumbull, scheduled to take over in September when Ian Salmon retires, has been recruited from the CIGNA insurance group in the US.

A former American football player, 49-year-old Trumbull has a reputation for toughness and change. He'll need to score some early touchdowns when he arrives at the Sydney headquarters next month.

Trumbull's appointment departs from more than a century of promotion from within AMP. Perhaps his most challenging task will be to modify the creaky internal structures of one of Australia's oldest corporate cultures. But he is not alone. A number of his compatriots, including Robert Joss at Westpac, and Frank Blount at Telecom, face similar tasks.

Early items on Trumbull's agenda are likely to include whether the Society should demutualise in favour of an equity-based structure and whether it should again look to banking after recent disastrous flirtations.

Trumbull has already spent nearly a quarter of a century overhauling large parts of the CIGNA group. An economist with a degree from Dartmouth in 1966, he also obtained a Masters degree in Business Management in 1968 from the Dartmouth School of Business.

Band has hard act to follow at Premier Group

After a long search for a new chairman, the Premier Group, one of South Africa's largest and most successful food and retailing corporations has announced that Doug Band, currently chief executive of media group Argus Holdings, will take over from January 1, writes Mark Suzman.

Band will be replacing current chairman and chief executive Peter Wrighton, who retires at 60. The new managing director will be Gordon Utian, Premier's longstanding deputy md.

Wrighton's departure after seven years at the helm will mark something of a break in the South African business scene; he will be a hard act to follow. He is one of the most widely respected business leaders in the country by both the stockbroking community, which has watched him lead Premier to 63 per cent compound growth over the past four years, and by the African National Congress which has approvingly noted his enlightened approach on hiring black managers and accommodating workers' demands.

By contrast, his successor has, since 1989, been running the Argus group which recently sold its newspaper interests to Independent Newspapers. He will stay on until the restructuring of Argus resulting from the sale is complete while assuming the vice-chair of Premier from July 1. He has a previous association with Premier from when he was chief executive of retail and music group CNA/Gallo, in which both Premier and Argus have interests. "My strength is in retailing and wholesaling. That's what I'll bring to Premier," he says.

Domemann tipped to lead Bertelsmann

As QVC and Viacom hogged the financial headlines with their frenzied bidding for Paramount last year, Bertelsmann, the German media group, was winning frequent mentions as a would-be bidder, writes **Michael Lindemann.**

The group has made no secret of its desire to take a stake in Hollywood, and with Michael Domemann about to take over as head of the redesigned entertainments division, speculation is rife that Bertelsmann may finally step out of the sidelines.

The sums being paid for Hollywood media properties have never fitted into Bertelsmann's conservative, family-owned philosophy. "[They] are completely absurd," Domemann was quoted as saying recently, explaining the group's reluctance to join the fight for Hollywood turf.

But while outright purchases have not been ruled out, Domemann prefers the idea of "partnerships or mergers" where Bertelsmann could deploy its music and television expertise.

Domemann, whom sources tip as the successor to Mark Wössner, chief executive since 1981, moved into entertainment when he took over the Bertelsmann Music Group in 1987. Before that, he had masterminded the takeover of Doubleday and RCA, the record label, as chief strategist at the family-based company based in Gütersloh where it was founded in 1835.

The 49-year-old from Frankfurt studied at the Technical University in Berlin before joining IBM in 1970. After seven years in computers, which included time at European headquarters in Paris, Domemann tested the waters at BMW before moving to the Boston Consulting Group to run the Munich office for four years.

ARTS

OPENINGS

ROYAL COURT
Eileen Atkins makes her debut with the Royal Shakespeare Company in Simon Gray's Plain Dealer, directed by the Judge's last production of Gray's play, Butter. This is the young actress who made so good an impression last year in the premiere of Tom Stoppard's Arcadia. Later this year with the RSC she will appear in 'A Midsummer Night's Dream' and in John Ford's rare 1627 'The Broken Heart'.

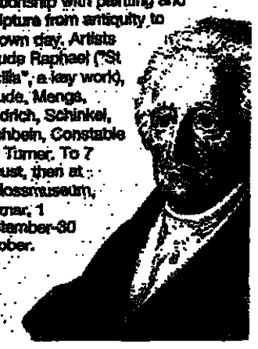
GLYNDEBOURNE
Doors open on the new theatre on Saturday. The award-winning building by Michael Hopkins and Partners offers increased capacity at 1200 seats and is said to have improved sight-lines and acoustics. The first opera to be seen in it will be Mozart's 'Le nozze di Figaro', produced by Stephen Medcalf and conducted by Bernard Haitink, 60 years to the day after the same opera inaugurated the original theatre. 'At Glyndebourne tradition and enterprise go hand in hand. This year's festival runs from May 28 to August 25.

DAVID BYRNE
The Scots born musician leads the New York band Talking Heads one of the most innovative and successful groups of the 1980s, selling African and Latin American influences to rock. He arrives in London tomorrow for a solo concert at the Palladium. Sometimes Byrne performs an acoustic set on his own, but he will be on the stage with Latin musicians. But with a new album due, controversial 'David Byrne' to promote, expect a bit of funk.

DROTTNINGHOLM
One of Europe's most handsomely preserved festival settings, the Drottningholm Court Theatre, begins its 1994 summer season on Thursday. In her second year as artistic director, Swedish soprano Elisabeth Söderström follows up Drottningholm's recent series of Gustavian operas with a revival of Edouard Dupuy's 'Youth and Folly', a Singspiel by the French singer, composer and adventurer responsible for introducing 'Don Giovanni' to Sweden in 1807.

WAR ARTISTS
The Imperial War Museum opens two new displays on Wednesday. 'The Slade School' display shows the work of commissioned war artists in the later years of the First World War: Lewis, Nash, Bomberg, Nevinson, Spencer, Wadsworth and others. 'Europe Regained' follows artists including Ardizzone, Bawden, Gross and Weight through campaigns in Italy, France and Germany, after 1943.

GOETHE
The Schirn Kunsthalle, Frankfurt, presents Goethe and the Visual Arts. Over 300 exhibits plot Goethe's intense and highly influential relationship with painting and sculpture from antiquity to his own day. Artists include Raphael ("St Cecilia", a key work), Claude, Menge, Friedrich, Schinkel, Tischbein, Constable and Turner. To 7 August, then at Schlossmuseum, Weimar, 1 September-30 October.



Enter a man with a mission

Antony Thorncroft talks to Lord Gowrie, the new chairman of the beleaguered Arts Council

The fifth floor suite at the Arts Council from which Lord Palumbo, as chairman, watched over four *fat* years of rising arts subsidy and one unhappy, final, year of strife and stringency, is empty. Gone is his exquisite collection of contemporary art; gone the hothouse flowers. The only decoration now is a photograph of Samuel Beckett propped up against the wall. "Beckett is my hero", says the new chairman, Lord Gowrie.

In a way, the empty room says it all. There is to be a fresh start; nothing can be taken for granted; the organisation's battered reputation, both with government and its arts clients, is going to be restored. Gowrie sees it as his mission to save the Arts Council. "I think ministers would find life impossible without it", he says. As a former arts minister, he should know.

Lord Palumbo, a diffident, reserved man, was disillusioned in his final year of office by the fiasco over funding cuts for London orchestras and by the Treasury's decision to cut the council's grant by £3.2m. Lord Gowrie, 54, is a much tougher individual, more adept at traversing political and artistic minefields. A former chairman of Sotheby's, he is an arts junkie, a published poet, and a former art dealer. After Eton and Oxford (where he acquired his nickname, Grey, when his abundant hair prematurely acquired a silvery tinge) he lectured in the US and advised on art until a Conservative government desperate for young, energetic, supporters to do its business in the House of Lords, wooed him with the job of arts minister in 1983.

He is married to the journalist Adelheid Gräfin von der Schulenburg and, though his main home is in Wales, he continues to be a ubiquitous presence at London first nights. He lists book reviewing as his recreation in Who's Who and he is a collector with very much the same modern tastes as Lord Palumbo. This passion for modernism extends to all the arts. He was quick to stand up and applaud at Covent Garden's recent revival of Harrison Birtwistle's opera *Gawain*. In the current art world feud between "brickies" and conservatives he is proud to be a bricky, though an admirer of minimalist Donald Judd rather than Tate bricklayer Carl André. And, of course, he is a fan of Samuel Beckett, the literary icon of minimalism.

Gowrie's immediate objective is to persuade the government to restore the cut in subsidy, now around £5m in real terms. "The base level of subsidy is too low. Just as it is hard for a pensioner to save a fiver so it is for arts companies that are already cut to the bone". To achieve this change of heart he must first restore pride and confidence in an Arts Council badly mauled by internal rows and a recent cost-saving redundancy programme. The new secretary general, Mary Allen, is a Gowrie protegée and is regarded as a step in the right direction: she has the task of cutting back on the bureaucracy which bedevils the lives of council clients.

Gowrie has persuaded heritage secretary Peter Brooke to appoint some real heavyweights to the council: new arrivals Trevor Nunn, Sir Richard Rodgers and Thelma Holt – figures of international stature in the world of theatre, opera and architecture – should help to repair its reputation among the malcontents of the arts world. And it will be the council, as much as the various specialist internal departments, that will decide policy.

"A lot of bets are off," says Gowrie. "I'm not bound to anything. I think the Arts Council is like Andrew Lloyd Webber's musical *Sunset Boulevard*. It was a good show but it needed, and received, modification. The council needs modification." All those who thought that Lord Gowrie would quietly accept the recent upheavals at the council – the internal reorganisation; the devolution of clients to regional arts boards; the stillborn national arts strategy – will be surprised. "Everything is open".

With the council licked into shape Gowrie can try to persuade the government that the arts are one of the few British success stories of recent years. "The arts are very cost effective, with a tremendous spill over from the public to the commercial. I remember ten years ago going to see two young Irish actors at the Roundhouse in a play about the hunger strikers. One of them was Liam Neeson".

Given the government's short sighted lack of support for a British film industry, Neeson, the star of *Schindler's List*, is now lost to Hollywood, and is not perhaps the best example of an Arts Council investment yielding a profitable harvest. But Gowrie reels off some current achievements. Lucian Freud is probably the best artist in the world; Thomas Allen's recent triumph as Don Giovanni at La Scala, Milan; the LSO getting four encores from the hard-boiled Germans in Frankfurt; the success of Diana Rigg as Medea on Broadway and Darcy Bussell with the Royal Ballet in Washington. Lord Gowrie believes that the message of British artistic acclaim abroad has got through to the government, to the media, and to the public.

There was some surprise that Lord Gowrie, a non-executive director of Sotheby's and bankers Guinness Mahon, was so keen to accept the chairmanship of the Arts Council. To many, considering the London orchestras debacle and the ensuing cries for the abolition of the council, it seemed a poisoned chalice. And it was, after all, an unpaid post – apart from the perks of car, chauffeur and endless free tickets. Gowrie had notoriously resigned from the Conservative government in 1985 because he could not live in London on a minister's salary of £33,000. But his desire to become chairman of the Arts Council was not motivated solely by a dispassionate concern for the state of the arts. There was one appealing lollipop: the arrival in the next few months of the National Lottery. The council will distribute the share going to the arts, perhaps £100m a year. "It sugars the pill for the whole arts community. I lobbied for a lottery ten years ago but Lady Thatcher disapproved of gambling." He believes the government assurances that the lottery money, designed only for capital projects in the arts, will not be used as an excuse for cutting revenue funding. He also takes a perhaps over-optimistic view of the ability of arts organisations to raise matching money to qualify for a lottery grant.

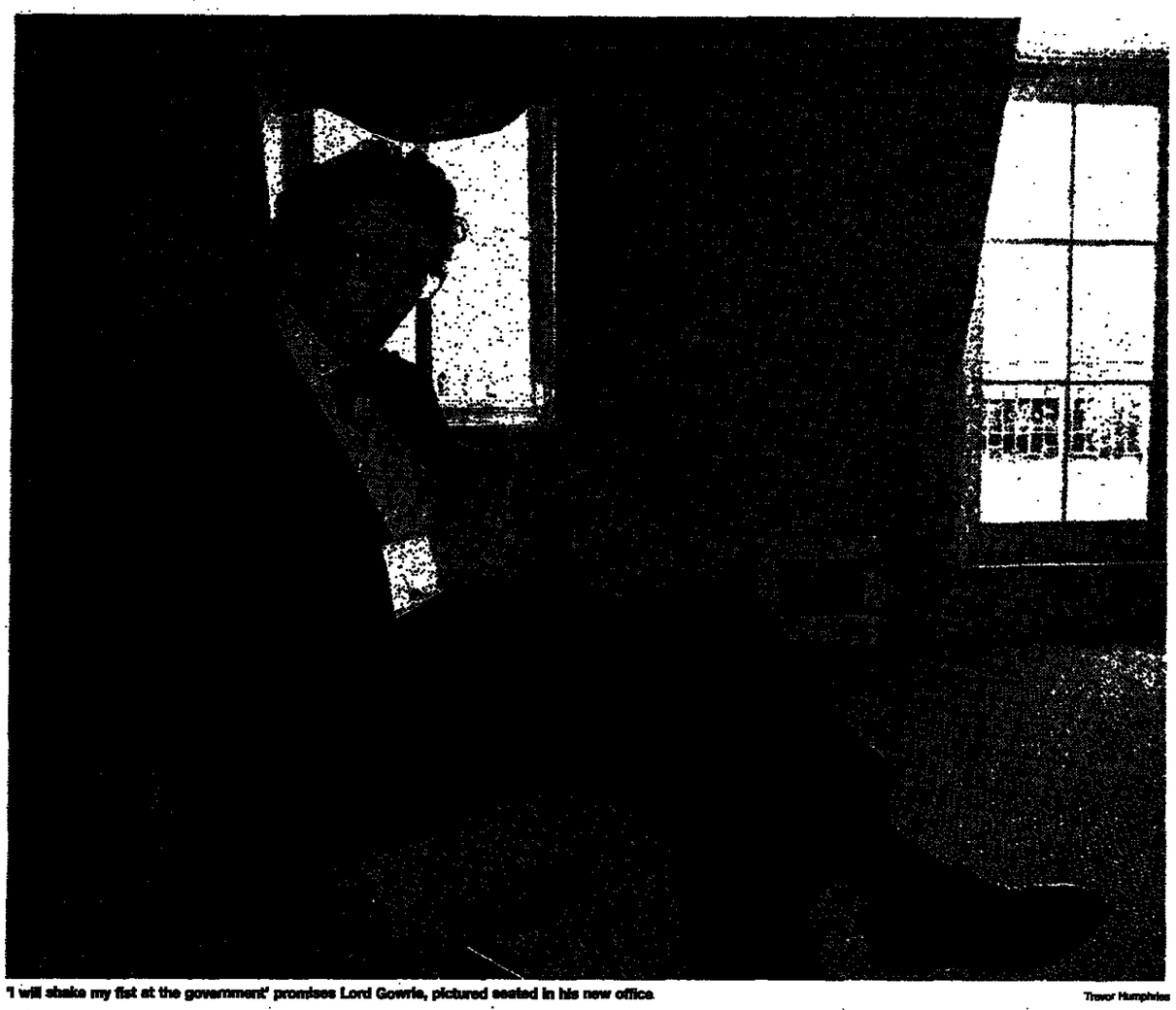
But this is one of his hobby horses: his main achievement as arts minister was the Business Sponsorship Incentive Scheme whereby the government topped up money that arts organisations attracted from sponsors by their own efforts. As chairman of the Serpentine Gallery he had little trouble raising matching funding to take advantage of any grants going. But the Serpentine, avant-garde and with some powerful modern patrons of art as supporters, is hardly a typical British arts institution.

Lord Gowrie is firm. "I will shake my fist at the government"; but he is also practical. He has courted Mo Mowlem, the shadow heritage secretary. He gets on well with Peter Brooke, who, for no very good reason, has been tipped to lose his job in any reshuffle. Lord Gowrie comments: "the country needs continuity in important jobs. At the Serpentine I had to deal with six different ministers".

But he is talking equally tough to the arts. He has warned companies that they must budget this year within the subsidy-cutting guidelines laid down by the Heritage department. He is not a man for the barricades. He is also frighteningly realistic, a rare quality in the arts where being starry eyed and otherworldly is almost a qualification for a job.

In his first speech as chairman, to a conference organised by the Institute of New International Visual Artists, the council's most expensive new project, a planned exhibition space for multi-cultural art, Lord Gowrie terrified the audience by pointing out that the council had been generous initially but, in the current climate, he could not guarantee future funding on such a scale. He is also glad-handing less glamorous gatherings, like the association of district councils. He knows that local government spends as much on the arts as the Arts Council.

It is clear that Lord Gowrie is going to throw himself enthusiastically at the arts. He hopes to furnish his new office by charming a Roger Hilton painting from the British Council to add to his modest collection of sculptures by William Turnbull and Julian Sainsbury. He will be turning up at the council five days a week, at least for the first few months. After the self-effacing Lord Palumbo, the arts are in for a rude shock. Lord Gowrie is a believer. He also sees himself as a player. He has just come back from the Cannes film festival, where he had a walk on part. This week end he was off to the Hay-on-Wye festival, where he publicly read poetry and interviewed R.S. Thomas. "I'm a participant, too. I may be only a caddy but I will keep on the greens." Rarely has a caddy had so much influence on the game.



'I will shake my fist at the government' promises Lord Gowrie, pictured seated in his new office. Trevor Humphries

Opera

ENO turns up the power

This was the most exciting performance seen at the London Coliseum for many a month. It is said the health of an opera company should be judged by the strength of its revivals. If so, English National Opera is in fine fettle, if it can bring back a production three years old with as much bracing immediacy as *Peter Grimes*.

It dates from 1991, the height of "powerhouse" arrogance, when every production wore its naked light-bulb with pride. Tim Albery's production of *Peter Grimes* has the statutory light-bulb, but is surviving proof of the dynamism that lit up the finest work of those years. Even if the brutalism of the sets seems unnecessarily harsh, all that goes on within them is electric, music drama with the power switched up to maximum.

Albery treats the opera as a late example of expressionism (Berg's *Wozzeck*, a great influence on Britten, never seems far away). The people of the borough form the faceless army of society, determined to destroy any individual who does not conform. Peter Grimes is already unhinged at the start and the opera is spent watching him teeter on the edge of the cliff, ready to fall into a bottomless ocean of madness.

In the title role, Philip Langridge gives one of the essential operatic portrayals of today. Shame and despair have seeped into every muscle of his body; there are emotions here that Langridge seems to drag up from the pit of Grimes's stomach. Each line of the text is stamped with individuality and he is in good voice. With the conductor David Atherton pushing the music to the brink, the impact is formidable.

So far this is a repeat of the cast from 1991. The newcomers this time include Janice Cairns, who does not find the vocal writing for Ellen Orford congenial, but gives the character a more determined personality than usual. Alan Opie is sure and steady as the faithful sea-dog Balstrode. Among the many smaller roles there is not one caricature, be it Ann Howard's fearsome Madame of an Aunntie, Susan Gorton playing Mrs Sedley as any nosey Grandma or Alan Woodrow's near-hysterical Bob Boles. It is good news that the BBC is filming the production for future broadcast.

There are twelve further performances until June 30.

● The night before, *Curlew River* was performed in St Paul's Church as part of the BOC Covent Garden Festival by Music Theatre Ulster, not with anything like the same intensity, though the simplicity of this late Britten score was generally respected.

Richard Fairman

INTERNATIONAL ARTS GUIDE

■ BERLIN

OPERA/DANCE
Deutsche Oper Tonight: Jesus Lopez-Cobos conducts concert performance of Bellini's Il Pirata, with cast led by Lucia Aliberti. Tomorrow: Peter Schaufuss' production of Giselle. Thurs: triple bill of Stravinsky ballets. Wed, Fri: George Whyte's new Dreyfus opera, music by Jost Meier. Sat: Madama Butterfly with Helen Field. Sun: Lohengrin with Tina Kiberg, Gwyneth Jones and James O'Neal (341 0249)
Staatsoper unter den Linden Tonight: René Jacobs conducts final performance this season of Graun's opera seria Cleopatra e Cesare, with cast headed by Janet Williams, Debora Beronesi and Lynne Dawson. Tomorrow: Béjart triple bill. Thurs, Sat: Paul Dessau's opera Die Verurteilung des Lukullus, with cast headed by Rainer Goldberg. Sun: Meistersinger with Günter von Kannen as Sachs (200 4762/2095 4494)
Komische Oper Tomorrow: Jochen Kowalski stars in Harry Kupfer's version of Gluck's Orfeo. Thurs: La boheme. Fri: Prokofiev's ballet Romeo and Juliet. Sat: Cosi fan tutte. Sun: The Bartered Bride (229 2555)
CONCERTS
Philharmonie Tonight, tomorrow, Wed: Pierre Boulez conducts Berlin Philharmonic Orchestra and Radio Chorus in works by Stravinsky and Ravel. Thurs: Andrei Gavrilov piano recital. Sat, Sun: Vladimir Ashkenazy conducts Berlin Radio Symphony Orchestra in Debussy, Britten and Richard Strauss, with violin soloist Ida Haendel. June 3, 4, 5, 8, 9, 10: James Levine conducts two different programmes with the Berlin Philharmonic (2548 8132)
Schauspielhaus Wed: Shlomo Mintz violin recital. Fri: Hans-Peter Frank conducts Weimar Staatskapelle in works by Borodin, Delius, Busoni and Strauss, with piano soloist Philip Fowke. Sun: Paata Burchuladze song recital (2090 2156)
THEATRE
Bernhard Minetti reads from Goethe's Faust Part One tonight in the Philharmonie Kammermusiksaal, and Peter Stein reads from Part Two on Wed, Fri and Sun at Martin Gropius Bau, as part of the Faust cycle organised by the Berlin Philharmonic Orchestra (2548 8132). This week's repertory at Deutsches Theater includes Schnitzler's La Ronde directed by Jürgen Gosch, and two productions by Matthias Langhoff - Ostrovsky's The Forest and Hofmannsthal's The Tower (2844 1225). The popular musical revue Das Küssen macht so gut wie kein Geräusch is enjoying another run of performances at Kleines Theater (821 3030)
● Tickets and information for theatre, revues, concerts and nightclub shows available from City Center Theater und Konzertkasse, Kurfürstendamm 16 (tel 882 6563 fax 882 6567) and Theaterkasse im Europa-Center (tel 261 7051 fax 261 9286)

■ NEW YORK

THEATRE
● Passion: Stephen Sondheim's new musical based on Igino Tarchetti's 1869 novel Fosca about a woman's unrequited love for a handsome young army captain (Plymouth, 236 West 45th St, 239 6200)
● She Loves Me: the 1963 Bock, Harnick and Masteroff musical is a delicate, unabashedly simple story with all the humanity, integrity and charm that Broadway's mega-musicals lack (Brooks Atkinson, 256 West 47th St, 307 4100)
● Damn Yankees: the big musical hit of 1955 is back, its jarringly updated production masked by the sporty energy of the cast and some lively new dance numbers (Marquis, Broadway at 45th St, 307 4100)
● Carousel: Nicholas Hytner's bold, beautiful National Theatre production from London launches Rodgers and Hammerstein towards the 21st century (Vivian Beaumont, Lincoln Center, 239 6200)
● Three Tall Women: a moving, poetic play which has just won Edward Albee a Pulitzer Prize. Myra Carter, Marian Seldes and Jordan Baker represent three generations of women trying to sort out their pasts (Promenade, 2162 Broadway at 76th St, 239 6200)
● Angels in America: Tony Kushner's two-part epic conjures a vision of America at the edge of disaster. Part one is Millenium Approaches, part two Perestroika, played on separate evenings (Walter Kerr, 219 West 48th St, 239 6200)
● Broken Glass: Arthur Miller's new play, set in 1938 Brooklyn, about a woman who fights against a crippling ailment while her husband deals with his long-hidden shame (Booth, 222 West 45th St, 239 6200)
● Four Dogs and a Bone: John Patrick Shanley's satiric comedy about movie-making and power plays in Hollywood (Lucille Lortel, 121 Christopher St, 924 8782)
● The Sisters Rosensweig: Wendy Wasserstein's most successful play to date, a comedy with serious undertones about the reunion in London of three American Jewish sisters (Ethel Barrymore, 243 West 47th St, 239 6200)
● An Inspector Calls: J.B. Priestley's 1947 mystery thriller in an award-winning production from Britain's National Theatre, directed by Stephen Daldry (Royale, 242 West 45th St, 239 6200)
● Mort Sahl's America: a one-man show about the political and social power structure in American life (Theatre Four, 424 West 55th St, 239 6200)
MUSIC/DANCE
Metropolitan Opera American Ballet Theatre's repertory this week two Anthony Tudor ballets and La Sylphide. The company's Spring season ends next week with La Sylphide and Giselle. Daily except Sun (362 6000)
State Theater New York City Ballet's Spring season runs daily except Mon till June 26, with choreographies by Balanchine, Robbins, Martins and Tanner. Mikhail Baryshnikov will perform Jerome Robbins' A Suite of Dances (Bach) on May 27 and 29. Several evenings are devoted to The Diamond Project, featuring new neo-classical ballets by Ulysses Dove, Richard Tanner, Robert LaFosse and nine other choreographers (870 5570)
Avery Fisher Hall This week's New York Philharmonic concerts are conducted by the orchestra's chief conductor, Kurt Masur. Tomorrow's programme consists of works by Paulus, Richard Strauss and Brahms. Thurs, Fri, Sat, next Tues: a programme of American eccentrics, including works by Ives and Ruggles (875 5030)

■ PARIS

OPERA/DANCE
This week's performances at the Bastille and Palais Garnier are threatened by strike action, which disrupted last week's premiere of Tosca at the Bastille. Tosca, conducted by Spiros Argiris and staged by Werner Schroeter, is due to run till June 17 with changing casts including Carol Vaness/Galina Kalinina, Placido Domingo/Viacheslav Polozov and Alain Fondary/Sergei Leiferkus. Wednesday's performance is to be transmitted live to a large screen on the Place de la Bastille. André Engel's 1992 staging of Lady Macbeth of Mtsensk is revived tomorrow for six performances conducted by Myung-Whun Chung, with a cast headed by Mary-Jane Johnson and Jacque Trussel. At the Palais Garnier, the Opéra Ballet has Rudolf Nureyev's 1992 staging of La Bayadère daily from tomorrow till Sat. The production will be revived for a further series of performances at the Bastille at the end of June. To find out whether performances are going ahead as planned, ring 4473 1300 or 4343 9696. The Bastille box office is 4473 1399. The Palais Garnier box office is 4742 5371. The Opéra-Comique - box office 4286 8883 - has Don Pasquale till June 4, with a cast headed by Gabriel Bacquier and Leontina Vaduva.
CONCERTS
Salle Pleyel Wed, Thurs: Claus Peter Flor conducts Orchestre de Paris and Chorus in works by Mozart and Mendelssohn. May 31: Krystian Zimerman piano recital (4561 0630)
Châtelet Fri: Emanuel Ax, Isaac Stern, Jaime Laredo and Yo Yo Ma play piano quartets by Mozart, Fauré and Dvorak. Sun: Daniel Barenboim conducts Chicago Symphony Orchestra in works by Debussy, Elliott Carter and Brahms (4028 2840)
JAZZ/CABARET
Memphis blues singer Ann Peebles is in residence this week at Lionel Hampton Jazz Club. Music from 10.30 pm to 2 am (Hotel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042)
● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4952 5356

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV
(Central European Time)

MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Samuel Brittan

Changing cultures of capitalism

Does culture determine economics or economics culture? The issue has raged for a long time. Marx and contemporary Chicago economists are alike on the economic side; Max Weber, the early 20th century German sociologist who wrote about Protestantism and the rise of capitalism, on the other one.

Both have now accumulated a lot of egg on their faces. Attempts to explain the fundamentalist revolution in Iran in terms of rational utility maximisation by Iranian citizens have, to put it mildly, been extremely unconvincing.

Of course the cultural and economic spheres interact. Peter Berger, the American sociologist, has coined the term "economic culture" for the resulting product. As he explains in an article in the *McKinsey Quarterly*, the interaction has to be studied in careful case studies.

One reassuring conclusion is that comparative cultural advantage changes. The Japanese bent for organisation building may not be such an advantage in a post-industrial society based on information technology. Berger also throws much needed doubt on much of what is written about the Confucian element in Asian economic success: "Few Taiwanese entrepreneurs are steeped in the Confucian classics."

His most stimulating remarks are on the US-originated counter-culture of the late 1960s and early 1970s. Most of its members have now accepted "the system" but have retained some of the beliefs and lifestyle of their youth. They are to be found particularly in communications. (Their trademark can be very simple, such as avoiding wearing jacket and trousers of the same colour less they be accused of wearing a suit.)

Is this kinder, gentler capitalism doomed to be conquered by the uptight varieties? Berger wisely leaves open the alternative optimistic hypothesis that the more sensitive types of behaviour may have an advantage in the emerging service economies.

Just how diverse the cultural forms of capitalism can be is illustrated in a new book of essays by American writers entitled *The Culture of the Market*. It is a book to dip into at leisure and will be most instructive if read without too relentless an attempt to derive lessons from it.

The essay nearest to the present day concerns the remarkable vogue of *The Lonely Crowd* published in 1954 by the American author David Riesman, the one sociologist to have made the cover of *Time* magazine. By the early 1970s more than 1m copies of the abridged edition had been bought and the book still sells.

The *Time* cover has two small-scale figures behind Riesman's head. The first, "dressed in a dark Victorian suit and wearing long, bushy 19th century sideburns, seems to stride briskly and purposefully away from the reader, oblivious to all but his quest, a giant gyroscope strapped to his back. The second man, dressed in a light coloured suit, is a more modern 20th century man, perhaps a salesman, facing in the opposite direction".

Market societies have been associated with many different patterns of living

The outer-directed person escaped from the authoritarianism of the 19th century home, school or business, only to be smothered by the new conformism of his peer group. Riesman had a knack of highlighting relevant children's stories such as the young engine Tootle, which lands in trouble because of its unwillingness to "stay on the tracks with the other engines".

Most of the chapters go back, however, to earlier periods. There is an absorbing essay about the painter Edgar Degas's tense relations with markets, which not only gave him a varying sales outlet but were the source of some of his most famous pictures, such as a New Orleans cotton office, a sulking banker and a galaxy of scurrilous stock exchange types. The most ambivalent of the pictures is *Madame's Birthday*, in which 'tactile values' are graphically shown.

In a very different vein, there is an account of the American essayist Henry Thoreau's temporary period as a semi-hermit refugee from commercial life. But so far from being any kind of collectivist, Thoreau was a radical individualist in the American mould, who could not resist instructing his readers on simple hermitage book-keeping and was not above some self-mockery.

At the opposite cultural extreme, Balzac's novel *Pere Goriot* reveals how far the European bourgeois has often been from any simple idea of utility maximisation: material goods are sought as symbols of honour, family dignity and snobbish attainment. The weekly budget of one character is exhausted in a vain attempt to arrive with clean boots at the home of a minor aristocrat. But an antidote to nostalgia is provided in Martin Wiener's account of the moralist-disciplinarian criminal policy of Victorian England, which some over-promoted British ministers would like to see restored.

Anthropological studies have shown the most varying patterns of linkages between different beliefs. Similarly capitalist heroes, who wrote their autobiographies as moral tales, could be anything from stern supporters of hierarchical order to rebellious hedonists and modernisers.

The main non-materialist advantage of modern capitalism is that it is a necessary – but far from sufficient – condition of an open society in which many alternative cultures can flourish.

Peter Berger, The GNP and the Gods. McKinsey Quarterly, 1994, No. 1
The Culture of the Market, edited by T L Haskell & R F Teichgraeber III, Cambridge University Press, £35

Clean air, open spaces and low costs are drawing US professionals west, says **Martin Dickson**

Lone eagles nest in the Rockies

Magnificent Rocky Mountain vistas dominate the view from Jeff Thredgold's new six-bedroom, seven-bathroom home near Salt Lake City, Utah. Walk out the front door of the imposing, pink brick structure, designed by Mr Thredgold himself, and within minutes you can be hiking in the foothills of Utah's Wasatch mountain range.

Less than an hour's drive away lie some of the world's leading ski resorts: Park City, Deer Valley, Snowbird and Alta. "Now *this* is living!" declares Mr Thredgold, surveying the Park City ski slopes over lunch on a warm, cloudless spring day.

Mr Thredgold, chief economist for KeyCorp, America's 11th largest bank, is part of a significant US business and social trend: a rapidly growing number of American companies and individual professionals are settling in the Rocky Mountain region, attracted by its open spaces, low cost of living, and pro-business politics.

Mr Thredgold's company is headquartered far off in the rustbelt state of Ohio. But modern communications mean he can keep in touch from the mountains of Utah, where he was raised.

He prefers to live here because of its quality of life, family and social ties, and the perspective a western base gives his economic analysis. He built his dream house for a fraction of what it would have cost in many large US cities.

Many newcomers are fleeing the once golden state of California, tired of its deep (though now ending) recession, regulatory red tape, high costs, pollution and almost biblical succession of recent disasters – race riots, earthquakes, and fires.

They have helped make the six states down the spine of the Rockies – Montana, Idaho, Utah, Wyoming, Colorado and New Mexico – plus Nevada and Arizona, the fastest-growing US region in recent years, measured by job creation.

Admittedly, this growth is from a modest base. The region is a vast, sparsely populated land, accounting for no more than 5 per cent of America's GDP, and encompasses great extremes of geography, from desert to rolling high plains.

Expansion is also bringing problems, ranging from social tensions between Rocky Mountain natives and the newcomers to long-term questions about the sustainability of growth and the adequacy of water supplies in this largely arid region.

For now, however, the upturn is welcome in an area which has been traditionally dependent on mining, oil, farming and forestry, with an economic history of booms and busts tied to commodity cycles. In the late 1970s the region's main city, Denver, Colorado enjoyed spectacular expansion on the back of a global oil crisis, but as crude prices fell in the 1980s, the region missed out on the strong growth enjoyed by the US as a whole.

Ms Susan Piatt, of the Colorado state Office of Business Development, avoids calling the current expansion a boom. "It implies things are out of control ... We like to think its healthy growth and its our turn, because we were so depressed when the rest of the nation was doing so well."

Many of the companies coming to the Rockies are small – the kind of business that is creating most new jobs in the US – and many of them are in high-technology areas such as computing and medicine. For example, Boise, the capital of Idaho, a state renowned for growing potatoes, had the greatest job growth of any US city last year (6 per cent) and high-technology employment there has expanded by more than 10 per cent a year for the past six years.

Companies are attracted by the region's cheap labour (the Rockies have among the lowest average wages in the US), and modest costs for utilities, workers' benefits, housing and office space.

They also like the region's strong work ethic. Utah, the fastest-growing Rocky Mountain state, with 6 per cent job growth last year, seems to be benefiting in particular from the fact that 70 per cent of its population belongs to the Mormon church, based in Salt Lake City. Mormons are known for strong family values and emphasis on education and hard work.

Some companies also hope the quality of life in the Rockies – with its wide open spaces, fresh air, low crime rate and small town values – will help them attract and keep well-educated employees.

Says Ms DeeDee Corradini, Mayor of Salt Lake City : "A decade ago, when I talked to businesses about moving to an area like this, they wanted to know what it meant for them financially. Today, I'm finding more and more asking: 'What's the quality of life? Will our employees and their families be happy living there?' "

The influx of professional individuals – such as fund managers, lawyers, computer experts, management consultants and writers – stems from two main forces. First, a large pool of these freelances is being created as US corporations, struggling to stay competitive, spin off service functions to outsiders.

At the same time, modern communications – computer modems, fax machines and satellite television – allow professionals to live where they choose, if it is within striking distance of a good airport.

Mr Philip Burgess, who heads the Center for the New West, a Denver-based think tank, calls the breed "lone eagles" – mobile knowledge workers who live by their wits.

"We are in an era of a great shift in lifestyle preferences," he argues. "More and more Americans are leaving big cities to pursue a better quality of life." This promises to revive small towns in attractive parts of the US, recently deemed to be dying as Americans moved to city suburbs.

Several Rocky Mountain towns have begun wooing freelance professionals, knowing they are not only highly paid but tend to sink their roots deep into a community. Says Mr Burgess: "They will serve on the library board and perhaps run for the county commission, bringing new ideas and a fresh perspective."

For example, Telluride, a former mining town in the Colorado Rockies now one of America's most fashionable ski resorts, has a project to build a community wide computer network and improve communications with the outside world. Locals boast it has the highest per capita ownership of personal computers in the US.

But for all its benefits, the growth is also bringing problems. Many long-time Rocky Mountain residents deeply resent the newcomers, their wealth, cosmopolitan airs, and the inflationary impact on housing and farm land, which could create a gulf between haves and have-nots. Tensions have run particularly high in some Utah towns between straight-laced Mormons and free-wheeling Californians.

The big challenge facing local politicians, says Mr Michael Leavitt, Utah's governor, is to balance growth against preservation of quality of life: "The more attractive you are the more people want to come."

Utah, for example, has become more discriminating about the kinds of business it tries to attract. A few years ago it was happy to take all comers. But Salt Lake City recently cold-shouldered a company which would have brought jobs to the area but demanded large water treatment subsidies.

Even if quality of life can be maintained, there remain big question marks over long-term growth. Industry may become less enthusiastic about the Rockies when wage rates rise closer to the national average. And high technology jobs can be destroyed by sudden technological shifts. California, for its part, is starting to fight back against the business exodus, for example by simplifying its red tape.

On top of all this, growth will eventually bring to the Rockies a problem faced by all of the arid, western third of the US, but which regional boosters like to ignore: a shortage of water, pitting state against state and farmer against town-dweller.

Herculean damming and water diversion efforts mean this may not be a problem for 20 to 30 years or more. But as the late Wallace Stegner, a leading novelist and historian of the region, pointed out: "Sooner or later the west must accept the limitations imposed by aridity, one of the chief of which is restricted human population ... Ghost towns and dust bowls, like motels, are western inventions."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Empirical issue in need of research

From Mr Dan Corry.

Sir, Does Michael Prowse ("Market v state in Education", May 16) really think that Financial Times readers are unfamiliar with the simple textbook theory as to why markets work best, so that we need a patronising fable about books to explain it to us?

To be able to say, as Prowse does, that "greater choice of school is indisputably a good thing", one must be embracing a myriad of assumptions about information, externalities, economies of scale, income distribution, accompanying social policies and so on. All of these are questionable.

Let's be frank: most people want a good school round the corner from their home, not a theoretical choice of 100 schools, especially when the transport implications of going anywhere but the nearest of them rule most out, and when the good schools have no space and so in reality they choose their pupils (and parents) rather than the other way round.

So in order to work, the choice argument has to claim that, by offering choice and competition, not only will the average level of education rise, but we will not end up with a split between geographically concentrated good schools and sink schools.

It must also be shown that the effort made by schools to differentiate their product (maybe no more than school versions of advertising – a largely deadweight cost to the economy) and the search costs that must be undergone by parents are all outweighed by the anticipated benefits.

As in so many other areas, these issues must surely be empirical ones that should be opened up to piloting and research – like the OECD study of parental choice of schools.

Simple ideology based on hopeful models of how the real world works may suit Prowse, but should not sway serious policy makers.

Dan Corry,
editor, New Economy,
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Dividend payout problem unclear

From Prof D R Myddelton.

Sir, Mr Stephen Dorrell is reported to have said (in a speech to the CBI this week) that dividend payouts by British companies may have become too high and too inflexible ("Dorrell critical of high dividends", May 19).

According to him, in the early 1980s companies were distributing between 20 and 25 per cent of their after-tax earnings in dividends; but the payout ratio has risen to more than 50 per cent in the early 1990s.

There is no virtue in companies retaining profits if they cannot invest the funds profitably. And the Wilson Committee found no evidence that medium or large companies were prevented from investing in profitable projects by any lack of funds. So it is not clear that there is any problem.

Mr Dorrell, being a Treasury minister, will be aware that the pound has lost more than 90 per cent of its purchasing power over the past 30 years. How have his calculations allowed for the debasement of the currency? It does have a significant effect on financial statements which use money as the unit of account in measuring "earnings".

D R Myddelton,
professor of finance and accounting,
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Russia yet to follow Estonia's example

From Prof Steve H Hanke.

Sir, Your editorial commentary "Chernomyrdin sees the light" (May 18), attempts to portray yet another Russian prime minister as an economic reformer. You claim that Mr Chernomyrdin has taken to heart the experience of "the former Soviet Baltic states, especially Estonia". This assertion is incorrect.

Estonia's record on inflation and growth has surpassed other former Soviet republics'. That is due, in large part, to Estonia replacing the rouble with the kroon and introducing a currency board-like system on June 20 1992.

Under that system, the kroon is backed 100 per cent by foreign reserve currencies and gold and is freely convertible at a fixed rate of eight kroons per D-Mark. The Bank of Estonia cannot engage in discretionary monetary and/or exchange rate policies. It cannot finance fiscal deficits. Indeed, the bank's hands are tied, so that changes in the stock kroons are automatically determined by the free flow of monetary reserves in and out of the bank.

The Russians, including the so-called reformers, have always rejected what has become the hallmark of Estonia's reforms, the currency board system. For example, in 1991 most of the future Russian "reformers" attended meetings in Paris. It was there that the young turks selected Mr Yegor Gaidar to be their leader. It was also there that they were introduced to the currency board idea. Since then, Russians of all stripes have expended considerable effort defending the institution of central banking for Russia and objecting to the currency board alternative.

If Mr Chernomyrdin is ever to be serious about the goal of currency stability, he must tie the hands of the Central Bank of Russia. To do this he must do what Lithuania did on April 1, when it followed the Estonian example.

Steve H Hanke,
professor of applied economics,
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Baltimore,
US

Private pay rises knock-on to public sector

From Mr Chris Trinder.

Sir, In "Hunt issues fresh warning on pay rises" (May 19), the emphasis was on the need for businesses to control their wage costs so as to maintain their competitiveness.

While this is important there are wider implications of the recent rapid increase in private sector pay. One aspect is the knock-on effect to future public sector pay awards.

The pay review bodies for nurses, armed forces and teachers, for example, regularly refer to "backward" looking comparisons with earnings in the previous 12 months in the whole economy when they make recommendations for the forthcoming year. Increases in the current year until September will form an important part of their considerations for public service pay between April 1995 and March 1996. Similar arrangements, such as inter-quartile ranges of past pay movements, apply in the long-term pay agreements for civil servants.

In addition to the institutional considerations, econometric analysis for the period 1963-1982 (which I carried out with S G B Henry and N Foster and published while at the National Institute of Economic and Social Research in the 1980s) "proved" public service pay is largely determined by earlier developments in the private sector.

The "lags" were often long and also variable, anything from three-quarters to three years, but in the long run current private sector pay increases were the single most important determinant of future central and local government pay levels.

The significance of these "facts" is that, although the government may announce public sector pay "restraint" and implement it for a period, if pay in other parts of the economy continues to rise at a much faster rate, then to recruit, retain and motivate people of appropriate quality for the public services it is necessary to raise those wage rates too. The "funding" limits operated by the government over the medium term to that extent restrict the quantity and quality of the public services available, but the long-term "price/wages" are outside its control.

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FINANCIAL TIMES
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Monday May 23 1994

Mr Clinton's global vision

No US President has proclaimed more fervently than Mr Bill Clinton the central importance of international economic policy to his country's welfare. In an increasingly interdependent global economy, his choice of priorities is correct. Yet his administration's record in matching words with deeds has been patchy.

Mr Clinton deserves much credit for steering the Nafta treaty through Congress and working for the successful completion of the Gatt Uruguay Round last year. Since then, however, his policies have lacked coherent direction – nowhere more obviously than in his dealings with Asia. He has vacillated over China, while US relations with Japan have been dominated by a myopic obsession with its bilateral trade surplus. In both cases, the US stance has been heavily influenced by narrow, sometimes conflicting, domestic concerns.

As a consequence, the administration has seemed not to appreciate fully the bigger national and global interests at stake, and has sometimes pursued contradictory objectives. It has talked enthusiastically of its wish to co-operate more closely with the fast-growing Asian economies of the Pacific rim, while pursuing policies which have severely strained relations with the region's two largest and most powerful countries.

There are signs that Washington may now be starting to recognise the drawbacks of its approach. One is that Mr Clinton looks increasingly likely to renew China's most favoured nation trading status in the next few days, albeit with possible qualifications. At the same time, his administration has conspicuously toned down its rhetoric towards Japan. US officials have indicated that they are rethinking their tactics in an effort to restart negotiations on a "framework" trade agreement with Tokyo, which broke down in February.

Modest concessions

The most plausible explanation in both cases is that US failure to think through its policies at the outset has steadily reduced its available options. Having failed to extract more than modest concessions from Beijing on human rights, Washington appears only now to have realised just how damaging would be the consequences of following its own logic to its conclusion by refusing to extend MFN.

In Japan, continuing political instability makes it increasingly doubtful that the country's minority government can deliver macroeconomic reforms and market access measures on the scale demanded by Washington, even if it wanted to. Meanwhile, recent US jitters about an uncontrolled slide in the dollar mean that trying to force up the yen is not an option.

Offending countries

As a result, President Clinton's revival of the Super-301 trade mechanism – apparently in an effort to buy time for further talks with Japan after February's breakdown – looks in danger of backfiring. Mr Clinton must name offending countries, liable for trade sanctions, by September 30. Not to do so would risk accusations at home of weakness; doing so would escalate the confrontation with Japan, without improving the prospect of winning more concessions. Washington's best hope must thus be to stitch up some kind of deal before late September, declare victory, and move on.

This would also be the most positive outcome – providing it leads Washington to place future relations with Japan on a more rational footing. US insistence that its economic growth is seriously threatened by closed Japanese markets is overblown. Even if last year's bilateral deficit had been halved entirely through increased US exports – an improbable scenario – it would have added only 0.5 per cent to US gross domestic product. That hardly seems a large enough prize to justify the political effort expended, or the threat US tactics pose to the world trade system.

The most important lesson for the US is that the recent problems in its dealings with both Japan and China are, for different reasons, largely of its own making. If they are not to be repeated, President Clinton needs now to clarify and give real substance to his commitment to international economic policy. America's trade partners have every incentive to encourage him in that objective.

The liabilities of auditors

It is more than a little ironic that while the senior partners of the UK's accountancy firms are calling for a limitation on their liability in lawsuits, the heads of their own insolvency practices are busy issuing writs against each others' firms for negligent auditing.

A campaign backed by the largest accountants in the US and Australia has now been imported to the UK. It calls for auditors to be protected from vexatious legal actions by the shareholders and purchasers of companies in which the accounts turn out to have been misleading.

The firms claim that plaintiffs seek disproportionate penalties from them for the losses caused, because their assets and insurance policies give them "deep pockets" out of which to pay damages. Those who are responsible for the frauds and misstatements, notably the directors, tend to escape relatively unscathed.

In principle, the argument for reform seems sound. It must be unreasonable for auditors to be held wholly responsible for corporate disasters when they have not been the direct cause of the problems. Their failure to detect or highlight shortcomings should make them only partly culpable.

Yet reform would require radical changes in the law, overturning the principle of "joint and several liability", so that auditors would only be liable to losses in proportion to their degree of blame. This would dilute plaintiffs' rights, and require the consideration of the Law Commission, which has indicated its lack of interest by telling the profession that it has no time to consider the issue in the foreseeable future.

The firms' response has been to suggest a flawed alternative: to remove section 310 of the 1985 companies act – which expressly forbids auditors from limiting their liability in contract. They say no such restriction applies to other professions, such as solicitors.

Important safeguards

While this is true, lawyers have not in practice attempted to limit their liability in contract. They consider that they could still be found negligent and sued, making any limits imposed in the contract irrelevant.

Removing section 310 would also eliminate one of the most important safeguards which stand behind an audit. This is the knowledge that, when a firm gives an independent, professional opinion, it is putting its reputation, livelihood and the assets of all its partners on the line.

Self-regulation and tighter standards appear to have had some limited effect on improving the quality of auditing. But the threat of litigation must help to concentrate the mind when it comes to making sure that the audited accounts show a "true and fair view", as the law demands.

Unique benefit

Accountants have the unique benefit of a government-guaranteed monopoly of auditing. This is designed to provide reassurance to shareholders but it also provides firms with lucrative fees and a ready platform to sell other services to companies.

At the same time, they have shown themselves reluctant to go to court when sued for audit negligence. They have chosen instead to settle on the steps of the court rather than have their work scrutinised in public and run the risk of an award against them. These settlements are made without admission of responsibility, but they do not make it easier to establish the case for reform.

The firms and their insurers have also not been above a little creative accounting themselves. They have chosen to highlight the enormous rise in the number of legal claims against them, while failing to reveal the far smaller size and number of awards that have actually been made.

On the rare occasions when cases have been contested – such as the Caparo, Galoo and Berg cases – the courts have in practice demonstrated considerable sympathy for the profession, tightly restricting its duty of care, and limiting damages rather than awarding disproportionate penalties against them.

While accountants refuse to disclose any details of their own profits and assets, or the extent of their professional indemnity cover, they will find it hard to persuade others that the case for reform is as soundly based as they claim.

Every which way but the right way

The UK government has yet to deliver a coherent transport policy, says Charles Batchelor

An ambitious £2bn proposal to build the first east-west rail link across London comes to grief in a parliamentary committee of just four MPs. Despite the backing of not merely the government, but also the opposition Labour party and the capital's business interests, CrossRail is rejected because traffic projections have changed since it was planned in the late 1980s.

CrossRail has, regardless of its merits, come to reflect a wider malaise in Britain's transport policy. Many experts, planners and transport operators, as well as the travelling public, agree that transport planning in the UK is failing to deliver the goods. Criticism has come from organisations as diverse as the Confederation of British Industry, the Royal Institution of Chartered Surveyors and the Council for the Preservation of Rural England. Many of the objections centre on the perception that the government favours the private car over public transport.

High-profile public protests against a number of road schemes have spilled over into violence in some instances. More attention-grabbing demonstrations are expected against a bypass to the east of the picturesque Georgian city of Bath and against a motorway extension through an area of great natural beauty south of Blackburn.

Meanwhile, congestion is stifling towns and cities while delaying commuters on their journey to work; cross-country motorways are clogged by traffic jams with increasing frequency, while rail services are in the throes of privatisation with a still uncertain outcome; London Underground suffers frequent breakdowns because of ageing equipment; the government has cut back on its £228bn 10-year roads programme and set more realistic priorities; and delays on a high-speed rail link between London and the Channel tunnel mean it will not be completed until at least eight years after the tunnel itself has opened for business.

Yet across the Channel, French passengers enjoy inter-city trains travelling at speeds of nearly 190mph; German commuters travel on spanking new underground systems; and the Dutch get to work on a road network which provides extensively for the cyclist.

Mounting public dissatisfaction over transport provision in the UK has pushed the issue to the top of the political agenda. Tory backbenchers have joined a revolt against a programme for building trunk roads and motorways.

The main criticisms of the government's present transport policy are that:

● There is no long-term approach to planning transport infrastructure projects. As it takes several years to plan, prepare and construct a large transport link, a short-term outlook can make a nonsense of such a project. The reason is that traffic or passenger flows are subject to change during the planning and construction period. CrossRail provides a striking example of this. If traffic demand increases during the economic recovery there may once again be a need for a cross-London link and the whole planning process will have to start again.

"The British government machine, with its ... year-by-year battles, is fundamentally ill-suited to dealing with the timescales intrinsic to transport decisions," concluded the authors of *Transport Policy-Making in Britain*, a recent study by the London School of Economics. Parliament votes funds for one year; government departments are encouraged to think three years ahead; while the election timetable imposes a four- or five-year time frame on thinking.

Contrast this with the long-term strategic planning, often backed by a guarantee of government funds, in many other European countries. Switzerland has embarked on a 12-year programme, Bahn 2000, to upgrade its rail network, while the Netherlands has a 15- to 20-year perspective for its Rail 21 project.

● There is little co-ordination of road building with public sector spending on rail or urban light railway systems in the UK. Transport projects are judged individually, largely by their contribution to reducing congestion in a specific area, says Steer Davies Gleave, transport consultants.

Moreover, says Steer Davies Gleave, the way in which the UK assesses the merits of different forms of transport tends to favour the private car. The government offsets against the cost of a road construction project the money value of the time saved by users. But, in the case of public transport projects, it does not. German and French assessments do not reflect this bias.

● Tight control by the Treasury adds to the tendency to adopt short-term financial goals on transport projects. Each rail project requires separate Treasury approval, while schemes in the 10-year roads programme do not.

The injection of more private sector finance was seen as a way round tough controls on public spending. But this, too, has run into the buffers of Treasury control. Private sector bids to modernise London Underground's Northern Line are due shortly, but problems have arisen over the degree of risk to be carried by the private sector. "Government is discovering, says the LSE study, that "you can either have control or majority private finance, but you cannot have both."

● The government does not spend enough on the transport infrastructure. Last November of all transport expenditures the roads budget was most severely cut. Over the long term, however, it is public transport which has suffered most, critics say.

John MacGregor, the transport secretary, points out that 40 per cent of his department's budget is spent on public transport although nearly 90 per cent of journeys are made by motor car. But overall spending on schemes involving all forms of transport is set to fall 13 per cent over the next three years to £5.4bn, according to transport department forecasts.

The UK spends less on rail infrastructure than any other European country except Finland. Germany's superior commitment to rail, by contrast, is evidence in its plans to invest more in its rail network than in roads in the period up to 2010.

What does the government say to such criticisms? It believes attempts to establish an integrated plan for transport would not succeed. "We don't believe in a centralised system which tells people how to travel," Mr MacGregor said recently. The government is, however, trying to create an overall framework which meets the needs of the economy.

While it does so, it can draw to its critics' attention a shift in its own approach. This change is driven, in part, by a growing realisation of the environmental impact of an unrestrained increase in road traffic. Yet any shift is constrained by its calculation that even a 50 per cent increase in rail traffic would reduce the number of road journeys by only 5 per cent.

The government is increasing fuel duties by at least 5 per cent a year to meet the Rio targets for CO_2 emissions, implicated in global warming. There have also been potentially far-reaching changes in government planning guidelines, among them one in March calling on local authorities to limit the scale of out-of-town commercial developments and reduce reliance on the private car.

Even more far-reaching are plans to introduce tolls on Britain's motorways. Indications are that, in the early stages, these will be set low, but they may still prompt a shift towards public transport.

Government rhetoric on public transport is also changing. As yet, however, there is no commitment to extra funding. Without such a commitment, the travelling public and much of industry are unlikely to be satisfied. They await hard evidence of government determination to solve chronic transport problems and give coherence to planning, whose dislocation was so evident in the CrossRail debacle.

Murky outlook for healthcare reform

MICHAEL PROWSE on AMERICA

Little of substance on healthcare reform will be agreed before the mid-term elections in November. The most that President Bill Clinton can expect is a deal with Republicans on incremental reforms of the health insurance market, for example legislation to prevent discrimination against people with "pre-existing" conditions.

I received this gloomy assessment last week from one of the most respected analysts on Capitol Hill. He spoke, ironically, just as a milestone of sorts was passed in the healthcare saga. Last Wednesday, two of the five congressional committees with jurisdiction over healthcare – those headed by Senator Edward Kennedy and Mr Dan Rostenkowski – finally began serious scrutiny of reform proposals.

On the evidence of the stormy opening sessions, it would be rash to make any prediction of the final legislative outcome. Republicans tabled more than 100 amendments to Mr Kennedy's compromise bill and denounced it as a pasteurised version of Mr Clinton's "socialised medicine". Yet the mood changed the following day when they reached a surprising bipartisan accord on ways of containing the cost of a minimum package of benefits. The fact that Mr Rostenkowski, the Democrats' quarterback in the lower house, faces possible indictment on felony charges only adds to the uncertainty.

Nobody doubts the depth of Mr Clinton's commitment to healthcare reform – the centrepiece of his legislative agenda. He and the first lady have campaigned tirelessly for reform. The Democratic party enjoys comfortable majorities in both houses of Congress. Why, then, is he facing such an uphill battle?

The answer lies in the nature of America's healthcare dilemma. Social reforms tend to be popular only when most people regard themselves as beneficiaries. In the late 1940s, Britain's National Health Service was a wild success because it greatly improved access to care for all but the seriously rich – and the cost in terms of higher taxation was not generally appreciated. In the late 1960s, much the same could be said of Medicare, the popular US public programme that guarantees universal access to care for the elderly, at highly subsidised rates.

Now consider the Clinton reform. Rather than expanding opportunities it is about restraint and redistribution. The goal is to provide coverage for the 15 per cent of the population presently uninsured (inevitably a costly endeavour) while reducing the growth of overall healthcare spending – in the private as well as public sector.

Ratcheting down growth of overall spending, while shifting resources to the uninsured, obviously requires new constraints on the 85 per cent who are insured, especially in their access to expensive high-tech medicine. Such constraints – however dressed up – are unlikely to be popular, particularly when no US politician, least of all Mr Clinton, will admit that any sacrifice is required.

It is thus not surprising that congressional leaders, reacting to opinion polls, have already scuttled two of the principal restraints on spending proposed by Mr Clinton. Hopes of shifting Americans en masse into managed care by corralling them in mandatory "health alliances", or quasi public sector purchasing co-operatives, have been abandoned. So, probably, has the White House dream of imposing caps on the growth of private health insurance premiums. Effective cost control looks to be a dead letter.

The remaining question is whether Mr Clinton will succeed in guaranteeing universal coverage – supposedly his non-negotiable bottom line. Americans seem unwilling to countenance either an overt increase in personal taxation or, after a decade of red ink, a higher budget deficit. The White House thus concluded that the only plausible route to universal coverage lay in imposing an "employer mandate" – a legal requirement that all employers must pay the bulk of insurance costs for employees.

Yet this disguised tax is also strongly opposed, especially by small business, a politically powerful group. It seems draconian to impose new burdens on businesses just recovering from recession. And it is hard to refute the argument that higher payroll taxes will destroy jobs. Indeed many question the wisdom of increasing the corporate sector's social responsibilities at a time when links between employers and employees are becoming more, rather than less, fluid. Yet nobody in Congress has devised a plausible alternative route to universal insurance cover.

In gauging Mr Clinton's chances this year, the best legislative parallel is perhaps the compendious 1986 Tax Reform Act. At the eleventh hour, congressional leaders confounded sceptics by agreeing sweeping reforms – albeit reforms that differed substantially from President Reagan's original proposals.

Yet Mr Clinton should not draw much comfort from this. Tax reform, although highly complex, was manageable because lawmakers could trade concessions (for example higher corporate taxes in exchange for lower personal rates) almost at will. Healthcare reform is more demanding because the component parts must be internally consistent. Even setting aside political differences, Congress may simply lack the technical skill to devise a workable reform of US healthcare – one seventh of the economy – before November. Hence the plausibility of predictions that Mr Clinton, this year, will have to settle for modest reforms.

OBSERVER

Ancient Greek rituals

■ Much in need of an international image makeover, Greece could have made a start by fielding some bright young politicians for next month's Euro-elections.

Instead, prime minister Andreas Papandreou's list of candidates reads like an exercise in personal debt repayment. Angela Kokkola, Papandreou's secretary for a couple of decades until his new wife Dimitra decided she wanted the job, is for instance certain to win one of the 25 seats.

Journalist Yannis Roubatis has another safe slot. Once Papandreou's loyal spokesman, Roubatis was caught up in the backwash of the Bank of Crete embezzlement scandal which toppled the government in 1988, and kept him on the sidelines for quite some time too.

The opposition, meanwhile, has made a stab at sprucing up its image by including the well-known singer Nana Mouskouri. Sadly, she is so rarely sighted in Athens that many Greeks think she is French.

Alketas Panagoulias, who is coaching the Greek soccer team for its first appearance in the World Cup this summer, is another unusual choice.

However, if Greece's 5-0 thrashing by England at Wembley last week is anything to go by, Panagoulias might find the bright lights of Brussels an attractive proposition next season.

Whale of a story

■ Good news for whales. A group of islands in the Caribbean is fighting about the creation of a whale sanctuary in Antarctica. Their input could tip the balance at this week's International Whaling Commission meeting in Mexico.

Whales are spotted but rarely in these waters – and caught still more infrequently. But Dominica and its neighbours, Grenada, St Lucia and St Vincent, have emerged as important players in global whale politics. Japan, which wants commercial whaling to continue, has been jolly generous to the islands with the result that they have happily toed its line.

However, environmental activists have been working hard to keep tourists from visiting the Windwards and the campaign is starting to bite. Last week Dominica broke ranks and said it would support the sanctuary idea. St Lucia might follow.

But the Vincentians are standing firm. They obviously just won't risk missing that very occasional whale that swims by.

'We were sacked in triplicate'

Betting bachelors

■ A veritable connoisseur of pocket-burning days at the races, Observer could tell the University of Salford a thing or two about the economics of gambling. But the dons, whose colleagues in the English faculty recently added Jackie Collins to the syllabus, seem to want input of a rather more sophisticated nature.

Advertising in this week's Economist, Salford is looking for a director for its new Centre for the Study of Gambling and Commercial Gaming. The aim, apparently, is to develop a degree in "economics with gambling studies" as well as to research this "relatively underdeveloped" by-way of the dismal science.

The fund-raising part, at any rate, should be a cinch; the vice-chancellor will no doubt be hovering by his phone on Wednesday, ready to offer felicitations to whichever consortium is named to run the National Lottery.

Munk's new habit

■ US interior secretary Bruce Babbitt should know better than to shoot his mouth off in front of American Barrick's Peter Munk – a Canadian entrepreneur acquiring a reputation as someone who sues foreign governments and wins. Babbitt was mighty rude about him last week.

It all started after Munk's lawyers forced Babbitt's department to hand over the deeds to Nevada's Goldstrike mine, which sits on America's largest gold deposit. Babbitt described it as the "biggest gold heist since the days of Butch Cassidy" and had a mock cheque for $10bn made out to the company and signed by the American people.

Munk admits that the 1872 mining law, which enabled his firm to mine gold without paying government royalties, is outdated. But he played by the rule book and when Babbitt tried to block him, Munk took him to court and won.

Describing the deal as a "$10bn rip-off" is "emotional nonsense", says Munk. Even if his firm earns $10bn in revenues over the next 20 years, Babbitt forgets that $5bn will be paid to Munk's US workforce, and another $1bn has gone on equipment. And then there will be the taxes on any profits.

A big fan of the legal process, Munk spent 15 years chasing the Egyptian government for $17.5m after it let him down on a long forgotten hotel project.

But even he is unlikely to sue for defamation. He's got what he wanted. Moreover, Lloyd Cutler, who helped win his case, then answered the call to become White House special counsel and is thus busy with President Clinton's much more complicated legal affairs.

Pounding the beat

■ Don't be fazed if your Glaswegian friend and creditor asks for his 'Pavarotti' back. He's just referring to the outstanding tenner.

FINANCIAL TIMES
Monday May 23 1994

Strong growth forecast in North America

World new car sales expected to rise 5.4%

By Kevin Done, Motor Industry Correspondent, in London

New car sales worldwide are expected to rise by 5.4 per cent this year to 34.95m, ending three years of falling demand.

Sales fell last year to a six-year low, but demand is forecast to begin a sustained period of growth in 1994 and rise to record levels throughout the second half of the 1990s, according to the latest study by DRI/McGraw-Hill, the London-based automotive analysts.

The short-term recovery is being driven chiefly by a strong rise in demand in North America, where new car sales are forecast to increase by 11 per cent to 10.46m this year, as well by the continuing expansion of demand in the Asia-Pacific region.

The study suggests that the recession in the new car markets of both western Europe and Japan has bottomed out and the focus for growth is expected to switch to those regions next year.

"The relatively prolonged recovery phase in Europe and Japan, plus the take-off of developing countries particularly in Asia, should set the scene for a steady improvement towards record levels of global car demand throughout the mid 1990s," the study says.

WORLD CAR SALES FORECAST (000s)*

	1993	1994	1995	1996	1997
WORLD TOTAL	33,152	34,945	36,370	37,917	39,668
West Europe total	11,450	11,774	12,504	13,444	14,197
Germany	3,194	3,087	3,158	3,305	3,544
Italy	1,890	1,776	1,897	2,064	2,169
UK	1,778	1,933	2,082	2,232	2,307
France	1,721	1,933	2,031	2,150	2,267
Spain	743	785	891	1,021	1,054
East Europe**	1,334	1,366	1,472	1,550	1,675
Turkey	443	346	366	437	519
North America total	9,441	10,457	10,240	9,980	10,134
US	8,702	9,636	9,334	9,003	9,131
Japan	4,199	4,220	4,410	4,630	4,778
Asia Pacific total†	2,844	3,147	3,502	3,819	4,018
South Korea	963	1,072	1,167	1,256	1,315
China	430	481	618	758	791
Latin America total	1,889	1,835	1,916	2,062	2,282

*1993 actual, 1994-1997 forecasts.
**Including Commonwealth of Independent States.
†Excludes Japan.

Source: DRI World Car Industry Forecast Report – April 1994.

Sales in western Europe are likely to rise by 3 per cent or more this year to 11.77m, as the region begins a fragile recovery from last year's precipitous decline of 15 per cent, the biggest drop since 1945.

The study says that the recovery in western Europe is uneven – German and Italian car markets are expected to continue to contract in 1994. The UK recovery remains strong, however, and sales are rising in much of Scandinavia.

The recovery will gather pace in 1995 as both the German and Italian markets emerge from recession, and sales in western Europe are forecast to rise by between 6 per cent and 7 per cent in each of the three years from 1995 to reach a record level of 14.2m in 1997.

While new car sales in Japan are forecast to rise by 5 per cent next year, 1990's record of 5.1m is unlikely to be exceeded.

DRI World Car Industry Forecast Report. Price £3,100. DRI/McGraw-Hill, 1 Hartfield Road, London SW19 3RU.

Cyclist rides into López affair

Continued from Page 1

store. One former resident in the house where the boxes were discovered (vacated by co-tenants Mr Piazza and Mr Alvarez shortly before the discovery) said he recognised only three.

There were distorted echoes here of VW's claims of last year that "evidence" could have been planted, but no more than innuendo.

The film moved on to a Mr Andersson, a Swedish engineer, filmed sitting in his car as the reporter yelled in German: "Now you have another chance to tell the truth!" Mr Andersson, the man who handed the boxes to the police, and who is believed to speak only Swedish and English, reversed away. Although the Stern article, the ARD programme and the lawyers' statement were clearly linked and co-ordinated, they yielded some effects which VW might count as "positive".

Most important, the events prompted the legal authorities to forbid the investigating office to issue any further press comments. An erratic trickle of information from Ms Holland – virtually all apparently damaging to the VW side – has accelerated lately. VW may draw some small comfort from having at last managed to score a few points in the media campaign.

But the lawyers' attack on the credibility and impartiality of Ms Holland, despite the backing from the political weight of Mr Schröder, who has ambitions to be federal chancellor, foundered. All the charges were promptly and convincingly dismissed by her superior, Mr Hans-Christoph Schaefer, head of the state of Hesse's prosecution service.

Following Mr Schaefer's intervention, Ms Holland, the character around whom much of the action has revolved, is off the stage until the denouement. The question now is whether the protagonists have the will to continue the public battle. Neither seems to have any inclination to be seen to be backing off, but both know it is likely to be some months yet before Ms Holland makes her next and decisive entrance.

Treuhand promises finance for mill

Continued from Page 1

According to Eko Stahl officials, the collapse of the Riva deal, and confusion within the EU on how to introduce capacity cuts, reduces the chances of finding a buyer willing to invest in an integrated mill.

An integrated steel mill could help reduce some of Eko Stahl's losses, particularly transport costs, according to the Halle institute for economic research, one of the six think-tanks advising the government.

Eko Stahl at present ships its slabs for hot rolling to plants in western Germany. They are then returned to east Germany and cold rolled. The Halle Institute says each tonne of transported steel costs DM100.

To cut these costs, the Treuhand had intended to integrate Eko Stahl's steelmaking and its steel-processing operations by building a new hot rolling mill. The agency has received no takers for this plan following the collapse of the Riva deal.

Thyssen, Germany's biggest steel manufacturer, which earlier led a consortium to buy 50 per cent of Eko Stahl's cold-rolling mill, closing down the hot-blast furnaces, and securing 1,000 jobs for the mill's subsidiaries, still sees prospects for a cold-rolling mill for Eko Stahl. But the Treuhand argues this would make Eko Stahl dependent on west German steel manufacturers, and would entail further job losses.

The mill employed nearly 12,000 people in 1989, and produced more than 3.5m tonnes of steel. It has since reduced its work force to 3,000, and its annual capacity to under 1m tonnes.

UK Tories attempt to patch up split on Europe

By Kevin Brown, Political Correspondent, in London

UK Conservatives were fighting to bridge a renewed split over Europe yesterday as the Liberal Democrats looked to outflank the government by pledging to hold a referendum on further moves towards European integration.

As campaigning for the June 9 European parliament elections resumed, Mr Douglas Hurd, foreign secretary, appealed to the party's Euro-sceptic wing to unite behind the election manifesto to be issued today.

The manifesto, A Strong Britain in a Strong Europe, will focus on Euro-sceptic concerns such as the preservation of Britain's veto on European initiatives on taxation, defence and immigration.

Trying to allay rightwing fears, Mr Hurd described himself as a "Euro-realist," and accused the European Commission of going "too far into the nooks and crannies of all our lives."

Mr Hurd's remarks, delivered in a BBC interview, echoed his his speech to the Scottish Conservative conference two weeks ago.

The government's claims that Britain is winning the argument for a less centralised Union were rejected by Sir George Gardiner, chairman of the 1992 group of rightwing MPs.

Writing in the Thatcherite Way Forward group's summer magazine, Sir George said the party's natural supporters were "totally opposed to being sucked by degrees into a federal Europe."

The Liberal Democrat manifesto, also published today, promises to seek "popular assent" for "fundamental changes" agreed at the European Union's next intergovernmental conference in 1996.

The pledge contrasts sharply with Mr John Major's refusal to consider a referendum.

The manifesto proposes cuts in the size of the Commission and the Council of Ministers, and a stronger European parliament elected proportionately to size of population.

It also calls for an extension of qualified majority voting in the Council, tempered by reforms requiring successful proposals to attract the support of states representing three-quarters of the EU's population.

However, the manifesto also calls for a federal Europe, an independent central bank, and progress towards a common foreign and defence policy and a European army.

Labour's election manifesto, which will also be published today, will commit the party to the social chapter of the Maastricht treaty and an eventual single European currency.

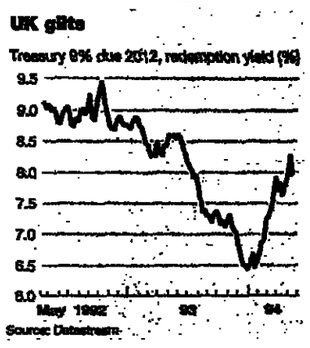
THE LEX COLUMN

Open options

Pricing this week's £2bn auction of convertible gilts promises to be a daunting task for even the most brilliant rocket scientist. The three year gilt can be converted on four separate dates into 9 per cent bonds due in 2012. It thus effectively includes a series of options to buy long-dated paper whose value must be factored into the auction price. From the Bank of England's perspective this is a good time to be selling such options, since recent cash market volatility has made them more expensive. For options traders, the challenge lies in deciding whether the price of the gilt is such that they can acquire the embedded options at a price lower than the options market itself would charge.

Market imperfections mean that there is a chance of this happening. The price of the auction stock will tend to reflect movements in short-dated gilts, whereas the options relate to long-dated issues. Indeed any gilt market weakness which discourages institutional buying at the time of the auction may only make the convertible gilt more attractive to options specialists. Yet the difficulty in calculating option values and the deal's complex structure makes it hard for any participant to know what represents value at the end of the day.

The 2012 issue would have to yield less than 7.2 per cent to make conversion worthwhile at the most distant date in February 1996. That compares with almost 8 per cent on Friday. Any institutions which really believe rates will fall that far during the next two years would be better off buying longer-dated paper now in order to collect the full capital gain. Any which believe rates will be higher should buy a conventional three-year gilt and reinvest the proceeds on maturity.



Metals

While financial markets have been in turmoil since US interest rates started to rise, the bull run in metals has continued. After another sharp rise this month, copper, aluminium and tin have risen by 30 per cent from last autumn's lows. Nickel has risen by more. The uncertainty is whether this represents a fundamental trend or whether the hot money squeezed out of bonds and other financial assets has simply found another temporary home.

Judging when metals are overvalued is difficult. Production costs should determine the price in the long run, but the relationship is subject to wild swings through the economic cycle. Re-opening production capacity is often expensive, so producers do not respond immediately to higher prices by increasing supply. When supply and demand are in rough balance, though, it is unusual to see the price of a metal much above its marginal cost of production. Copper for one has already passed this point.

The fundamentals are starting to look more favourable for most metals. Aluminium producers have started to cut production to restore market balance. Continental European economies are recovering faster than had been anticipated, which should eventually feed through into higher metals consumption. But only in copper have stocks fallen significantly from the record levels seen at the end of last year. Elsewhere the overhang of stock shows no sign of abating. Until that changes, metals will be vulnerable to profit-taking or swings in investment fashion.

Lloyds/C&G

Lloyds Bank throws itself on the mercy of the courts this week for a decision on whether its takeover of Cheltenham & Gloucester building society can go ahead. Present legislation about who can make cash payments to building society members and in what circumstances is so confusing that the outcome is highly unpredictable. But it should not be assumed that Lloyds could easily get round an unfavourable verdict, for example by offering preference shares instead of cash. That would risk further disagreement with the Building Societies Commission and another court case. Since Lloyds and C&G are sure of their case, the chances are that they would rather appeal.

If the verdict goes the other way the Commission may feel tempted to appeal as well. That would at least prolong uncertainty over what is actually permitted, preventing a rash of similar merger announcements before the government can amend relevant legislation to make them more difficult. The Commission is clearly anxious to bend over backwards in defence of mutual structures. Its suggestion that societies should use their reserves to pay dividends to members would not long ago have been regarded as too risky for organisations that have no access to outside capital.

Unless the Lloyds/C&G deal proceeds, though, there will be little chance of subjecting building society managements to much outside pressure. The mutual structure may have some value but not if its main purpose is to protect management from competition.

Railtrack

There are clear attractions for the UK government in privatising Railtrack before the next general election. Another £3bn or so would help plug the Treasury's funding gap. Moreover, unlike the Post Office, there would be no need for legislation. Railtrack could also appeal to investors and not simply those who are railway buffs. The company is a utility, which will receive its income mainly from track charges paid by the new breed of rail franchisees. Railtrack therefore has much in common with other transport infrastructure suppliers such as BAA or Associated British Ports.

Still, the timetable looks ambitious. Railtrack has only been formally in existence since April. Assuming privatisation in 1995-96, the company would be able to show investors only one set of annual results.

Moreover, Railtrack would probably not be as low risk an investment as other utilities. Most of the rail franchisees will be subsidised by the taxpayer, so Railtrack's income could be vulnerable to a future reduction of those subsidies. The political risk is also probably somewhat greater than with other utilities because the rail regulator is formally required to take account of guidance from ministers until the end of 1996. The other regulators are more independent. One danger is that the Labour Party might win a mid-1996 election and order a cut in Railtrack's charges as a means of driving down fares paid by passengers.

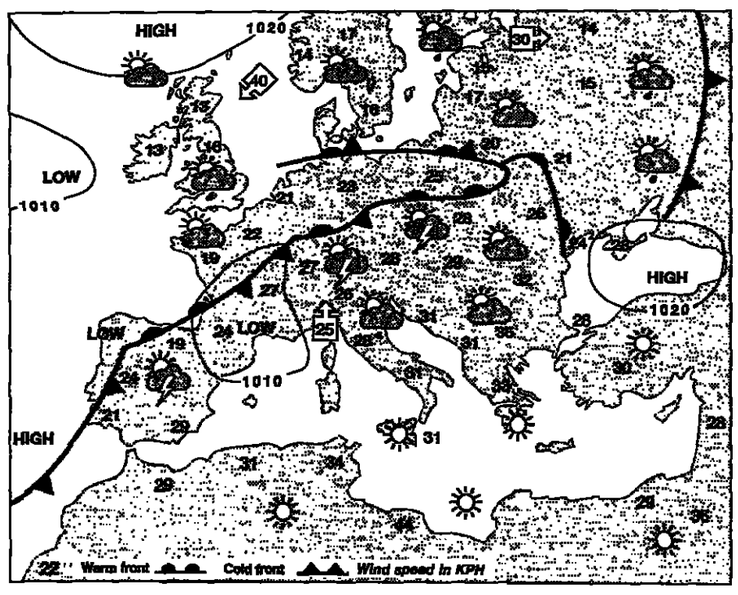
FT WEATHER GUIDE

Europe today

Active low pressure over central Europe will cause thundery rain in eastern and northern France, the Alps and many parts of Germany. Thunder showers will also erupt over the Iberian peninsula, especially inland. High pressure between Iceland and Scotland will keep most of England, Scotland and Ireland dry. Another high pressure area over south-eastern Europe will provide abundant sunshine and afternoon temperatures above 25C in most parts of Italy, Greece and the Balkans. Northern Europe will stay rather cool. Most of Scandinavia will stay dry, except for showers in parts of Finland and eastern Europe.

Five-day forecast

Western Europe will continue unsettled and quite cool but south-eastern Europe will stay warm and sunny. A depression will stall over eastern Europe during the middle of the week causing quite unsettled conditions. Northern Europe will still be influenced by high pressure, giving unseasonably cool conditions. Greece and Italy will be dry and sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius					
Abu Dhabi	sun	38	Beijing	fair	31	Caracas	cloudy
Accra	thund	32	Belfast	fair	14	Cardiff	cloudy
Algiers	fair	31	Belgrade	sun	34	Casablanca	fair
Amsterdam	fair	18	Berlin	fair	23	Chicago	fair
Athens	sun	31	Bermuda	shower	26	Cologne	thund
Atlanta	sun	30	Bogota	shower	19	Dakar	fair
B. Aires	rain	17	Bombay	fair	33	Dallas	fair
B.ham	shower	16	Brussels	rain	19	Delhi	fair
Bangkok	shower	34	Budapest	sun	28	Djakarta	thund
Barcelona	fair	26	C.hagen	cloudy	17	Dubai	sun
			Cairo	sun	38	Dublin	cloudy
			Cape Town	fair	17	Dubrovnik	sun

Cologne	thund	23	Edinburgh	fair	13	Madrid	shower	22	Rangoon	rain	32
Dakar	fair	28	Faro	shower	22	Majorca	fair	30	Reykjavik	fair	10
Dallas	fair	31	Frankfurt	fair	24	Malta	sun	32	Rio	shower	22
Delhi	fair	42	Geneva	fair	26	Manchester	cloudy	16	Rome	sun	26
Djakarta	thund	32	Gibraltar	fair	25	Manila	shower	33	S. Frisco	fair	21
Dubai	sun	34	Glasgow	fair	16	Melbourne	fair	18	Seoul	fair	22
Dublin	cloudy	13	Hamburg	fair	19	Mexico City	shower	23	Singapore	rain	31
Dubrovnik	sun	31	Helsinki	fair	15	Miami	fair	31	Stockholm	fair	17
			Hong Kong	rain	31	Milan	fair	26	Strasbourg	shower	24
			Honolulu	fair	30	Montreal	fair	19	Sydney	fair	20
			Istanbul	sun	28	Moscow	fair	14	Tangier	shower	21
			Jersey	fair	13	Munich	thund	24	Tel Aviv	sun	32
			Karachi	sun	36	Nairobi	cloudy	21	Tokyo	fair	26
			Kuwait	sun	40	Naples	sun	31	Toronto	sun	22
			L. Angeles	fair	21	Nassau	fair	31	Vancouver	fair	20
			Las Palmas	fair	24	New York	sun	28	Venice	fair	25
			Lima	fair	24	Nice	fair	23	Vienna	fair	27
			Lisbon	fair	19	Nicosia	sun	34	Warsaw	fair	23
			London	cloudy	19	Oslo	fair	19	Washington	sun	29
			Luxbourg	thund	23	Paris	rain	19	Wellington	drizzl	15
			Lyon	fair	27	Perth	shower	17	Winnipeg	fair	20
			Madeira	shower	22	Prague	shower	24	Zurich	fair	24

FINANCIAL TIMES
COMPANIES & MARKETS

Monday May 23 1994

MARKETS THIS WEEK

MARTIN DICKSON:
GLOBAL INVESTOR
After a terrifying spring roller-coaster ride, can global bond and stock markets now look forward to an enjoyable early summer rally? The Federal Reserve's tightening action last week, coupled with a statement implying it will not raise rates for some time, has prompted a rally in the US stock and bond markets, and helped sentiment in Europe. Page 20

MARTIN WOLF:
ECONOMIC EYE
In the case of international trade, people are too easily attracted by two false analogies. The most malign is the view that trade is war, while others believe trade is similar to inter-firm competition. Page 20

BONDS:
The future of Globex, the electronic futures trading system, brightened this week when DTB, Frankfurt's futures and options exchange, said it would be joining. Page 22

EQUITIES:
Confident predictions that the US Federal Reserve's rate increases had set the stage for a rally in global bond markets are now carrying the health warning; "dollar permitting". Meanwhile Wall Street is looking forward to a week of quiet reflection. Page 23

EMERGING MARKETS:
A new fund for Oman is about to give international equity investors access, for the first time, to the oil-rich region of the Persian Gulf.
In Greece, buying opportunities are expected on the Athens stock market this week, with brokers predicting a sharp decline in the value of the drachma. Page 21

CURRENCIES:
The Bundesbank has been cutting rates despite substantial overshoots in M3, the broad measure of money supply which is a leading indicator of future inflation. Page 21

COMMODITIES:
Representatives of coffee-producing countries gather in London today to discuss ways of releasing up to 2.5m bags of beans stored under their export retention scheme. Page 20

UK COMPANIES:
Ennemix, a small aggregates company, is today expected to announce plans for its unusual flotation. Page 18

INTERNATIONAL COMPANIES:
Japan's petrochemicals companies have been plagued by sluggish domestic demand, over-capacity, plunging prices and the appreciation of the yen.
Great-West Life, one of Power Corporation of Canada's main subsidiaries, is linking with Axa, a leading French insurer, to establish an insurance arm in China. Page 19

STATISTICS

Singapore Telecom rises 19.5%

By Kieran Cooke in Kuala Lumpur

Singapore Telecom (ST), the island republic's partly privatised telecommunications and posts company, has announced pre-tax profits for the year ending March 31, 1994, of S$1.55bn ($1bn), a 19.5 per cent increase.

Turnover increased 15.6 per cent to S$3.19bn. The gross dividend was raised to 3 Singapore cents from 1.7 Singapore cents.

The government floated about 11 per cent of ST last October, in Singapore's biggest ever privatisation. The company is the largest on the Singapore exchange with a market capitalisation that at one stage stood at S$70bn – about 80 per cent of the market capitalisation of British Telecommunications.

ST attributed the strong financial performance to economic growth in Singapore and its region and the introduction of new services. Singapore's economy grew 9.9 per cent in 1993 and 11 per cent in the first quarter of 1994.

The international telephone sector was the largest contributor to group turnover making up nearly 50 per cent of total revenues and growing 13 per cent over the previous year. Mobile communications increased 36 per cent making it the fastest growing sector of ST's business and accounting for 16 per cent of overall revenue. There are now 6.2 subscribers for mobile phones per 100 inhabitants in Singapore.

ST's directors said the group's results exceeded forecasts made in a prospectus issued before last year's flotation. They were confident that group turnover would continue to grow in tandem with the Singapore economy.

Analysts said that while ST has become one of the world leaders in introducing new services, its future growth was limited by the small size of its domestic market. Singapore has a population of under three million.

ST has recently been expanding aggressively overseas and joint ventures include projects in Japan, the UK, the Philippines and Norway.

Despite its expertise in many areas, industry experts still question whether ST has the ability to compete with the world's larger established telecommunications companies.

Lloyds' offer for C&G likely to spark calls for clarification of building society takeovers

UK banks may press government on bid policy

By Alison Smith in London

Some leading British banks are likely to press the government not to block agreed cash offers for other building societies if the Lloyds Bank £1.8bn ($2.7bn) bid for Cheltenham & Gloucester survives the legal challenge which begins in the High Court tomorrow.

Banks which have expressed an interest in acquiring societies believe it would be unfair if the Lloyds deal was allowed to go ahead and ministers then changed the law to prevent a similar cash bid in future, where both organisations wanted to proceed.

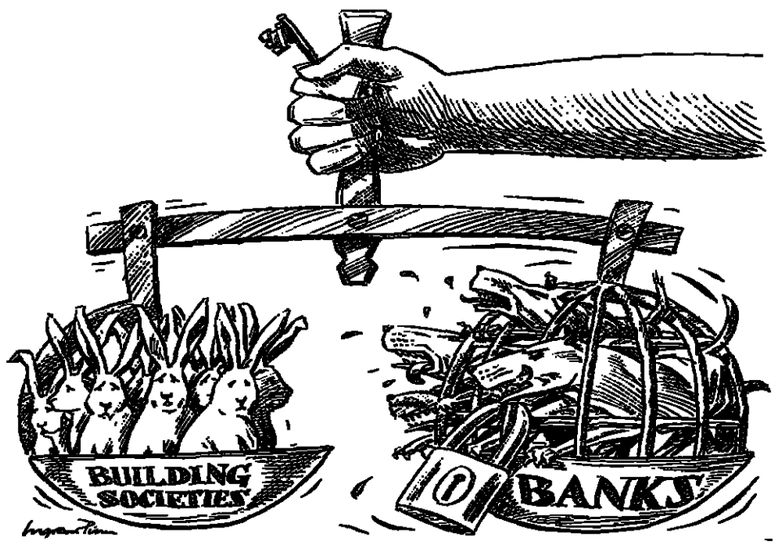
C&G and the Building Societies Commission, the sector's statutory regulator, are seeking clarification from the courts about whether the transaction is allowed by the 1986 legislation governing societies. The court judgment is expected later this week. Approval for the transaction could spark other bids for societies, leading to a restructuring of the UK's financial services industry.

The commission has issued guidance casting doubt on whether a third party can make payments to a society's members, and whether relatively new members are entitled to a share of the cash.

But Lloyds and C&G are confident of the legality of the offer, which would give individuals borrowing and investing in the society cash payments of up to £10,000 for each account.

The Building Societies Association has already said that if the Lloyds/C&G deal proceeds, it will call on the government to change the law to prevent offers of cash to members of less than two years' standing.

However, potential bidders for societies say that the impact on future takeovers and mergers between societies and other organisations should be seen as part of the current Treasury review of the 1986 act, which was set up as part of the government's deregulation initiative.



Mr John Fry, group services director at Abbey National, said it would be inequitable if the government reinstated the two-year restriction and did not at the same time look at other aspects of the legislation, such as lowering the high levels of member support needed for a merger, and increasing the accountability of a society's board to its members.

The Royal Bank of Scotland, which has expressed interest in making an offer for a society, said it would be "very unusual and unfair" if the restriction was reinstated after Lloyds had benefited.

Mr Peter Ellwood, TSB chief executive, thought the government was unlikely to reinforce the two-year restriction if the courts ruled that it did not apply in the Lloyds/C&G deal. "If the deal goes ahead, I think it would be extremely difficult for other such alliances not to go ahead, albeit in a slightly different form," he said. He added that the deal offered a new approach to mergers in which both partners retained their identities and high levels of autonomy.

Bosch-Siemens looks for purchases

By Andrew Baxter

Bosch-Siemens Hausgeräte, Germany's largest producer of white goods, is seeking acquisitions in the UK, France and Italy to strengthen its position in the fiercely-competitive DM45bn ($27bn) European market.

The Munich-based concern, owned jointly by Bosch, the car parts group, and Siemens, the electrical and electronics giant, is Europe's second biggest producer of white goods with a 15 per cent market share. Electrolux of Sweden has 22 per cent, including AEG Hausgeräte which it is buying.

Dr Herbert Wörner, president and chief executive of Bosch-Siemens, wanted to raise the group's European market share to between 18 and 19 per cent within five years, through organic growth and acquisitions.

This week, Bosch-Siemens announced a sharp fall in group pre-tax profits from DM346m to DM234.6m. The 1992 figure included a final DM100m subsidy for the company's Berlin washing machine plant.

Group sales fell 5 per cent to DM6.66bn and net profits dropped 35 per cent to DM99.6m. Non-German sales, however, accounted for only 42 per cent of the total, and Dr Wörner said: "I think we have to change, we must improve our position in the other big European countries."

Bosch-Siemens has more than 30 per cent of the German market, Europe's largest, and market leadership in Spain, Austria and Greece.

It is considering forming partnerships with manufacturers in the UK, where its Neff and Bosch brands have a high reputation. Bosch-Siemens is also looking at making acquisitions in Italy.

Any takeovers by Bosch-Siemens would continue the process of consolidation in the European white goods industry. Dr Wörner said companies with sales of DM1.5bn to DM2bn would find it difficult to survive on their own.

Dr Wörner said the group was studying whether to build a white goods plant in Russia and had signed a letter of intent with a Chinese company to produce washing machines in China.

Overall, sales and profits had improved in the first four months of 1994, he said, due mainly to a pick-up in German sales and a 30 per cent rise in UK sales.

ARM in chip licensing deal with Samsung

By Alan Cane in London

The UK-designed silicon chip which powers Apple's "Newton" electronic notepad seems set to enjoy a vastly bigger market as the heart of a wide range of consumer and professional products from the US and the Pacific Rim.

Acorn Risc Machines, which designed the chip, says it has licensed its microprocessor technology to Samsung Electronics of South Korea, the world's seventh largest semiconductor maker. The value of the deal has not been disclosed. It is the sixth large licencing deal ARM has struck with a large electronics group since it announced its microprocessor designs in 1991. The others are Texas Instruments, Cirrus Logic and VLSI of the US, Sharp of Japan and GEC Plessey of the UK. VLSI, a chip designer and maker, holds a stake in ARM along with Acorn Computers, owned by Olivetti of Italy, Apple Computers of the US and Daiwa Securities of Japan.

Samsung Electronics, part of the Samsung trading and manufacturing group, intends to use the chips in consumer products such as mobile fax-phones and in professional computer equipment such as hard-disk drives and laser-beam printers.

VLSI and International Business Machines plan to use ARM-based chips in a new high speed computing technology that IBM is attempting to establish as an industry standard called Serial Storage Architecture. ARM processor circuitry is so small it can easily be embedded in the silicon chips VLSI is making for IBM.

ARM said its technology would also be used by companies looking at improving smart card security systems. Smart cards, used in payment, identification and security systems, are no larger than a credit card but contain a complete microprocessor. The ARM chip is said to have more than 100 times the processing power of existing smart card chips, making possible voice recognition.

This week: Company news

CARLTON COMMUNICATIONS

TV viewers predict a solid profit of $100m

Wednesday will be a busy day for Mr Michael Green, chairman and chief executive of Carlton Communications, the UK broadcasting and television services group.

At 10am, Carlton will hear whether its little flutter on the National Lottery – it has a stake in one of the eight bidders, The Great British Lottery Company – has hit the jackpot, or not.

But even if Carlton's lottery ticket is not a winner, it will have some decent results to announce for the half-year to March. Most Carlton watchers are plumping for pre-tax results in the region of £65m-£70m ($98m-$105m), compared with £55m last time.

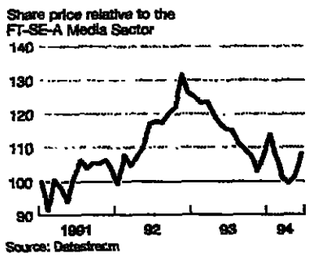
If, as seems likely, the analysts are in the correct range it would indicate a solid performance for Carlton, providing evidence that the climate for advertising is improving and that Carlton's main businesses around the world are pulling out of recession.

The results will, however, contain only around two months of contributions from Central independent television, the second largest ITV company, which Carlton acquired for about £750m at the turn of the year. The main financial benefit from the government's generous decision to allow the two largest ITV companies to merge will not be seen until the full year.

The period of consolidation following the Central deal is not over. It is considered unlikely that Carlton will unveil anything spectacular on Wednesday. Instead the emphasis will be on steady, solid progress.

Further competition for Carlton in its main UK television markets now seems likely. However, the government is likely next month to approve a new Channel 5 despite the efforts of the ITV companies to head off a potential rival by arguing for the merits of digital television.

Carlton Communications



BARLOW

S African group set for first unbundled result

South African industrial conglomerate Barlow, formerly Barlow Rand, releases interim results today. These will be its first since unbundling its main operations late last year.

C.G. Smith and Reunert, the two other big companies created in the unbundling, have had a mediocre six months, and Barlow's figures also are unlikely to be good.

Analysts say Barlow's results are difficult to forecast. The pro forma numbers released after the unbundling are no longer a good guide to overall performance because of various sales during the past six months.

Of the group's remaining assets, Barlow's Pretoria Portland Cement subsidiary had an excellent first half. Analysts expect its figures to improve still further this year because of the boom that is likely to follow the new government's reconstruction and development programme.

But the unit's first-half gains are likely to be largely cancelled out by the dismal performance of UK subsidiary J Bibby and sons, which reported pre-tax losses of £12.4m ($18.6m) for the six months to March 26. The deficit was due to a decision to withdraw from the agricultural feeds business. Trading in Spain and Portugal also remained weak during the period, although since February the company reported a small improvement in the order book level for new equipment.

OTHER COMPANIES

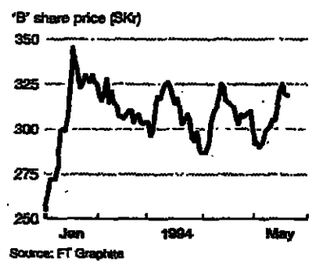
Bad debts threaten Japanese banks

Japanese banks are expected on Thursday to announce a sharp fall in profits for the year to March. This follows aggressive write-offs of their bad debts through the Co-operative Credit Purchasing Company, a bad loan purchasing organisation set up by the banks last year.
Brokers James Capel in Tokyo predicts that the banks' transfer of bad debts to the CCPC will total Y2,000bn ($19bn), with a further Y1,000bn written off by the banks in straight loan-loss provisions.

■ **British Airways:** The UK airline has a tradition of breaking even in its fourth-quarter, which leaves analysts forecasting that full-year pre-tax profits will be about £300m ($450m), against £185m.
However, the tone of today's statement may be more important than the headline profit. The stock has been weak since lower-than-expected growth in traffic figures for April, and there are concerns about BA's troubled associate USAir.

■ **Viag:** The transport to energy conglomerate will present its 1993 results on Wednesday, with earnings expected to be about 20 per cent lower than the DM371m ($220m) reported for the previous year.
Analysts said earnings per share were forecast at about DM16, with the dividend likely to remain unchanged at DM9. The group recently took over Bayernwerk, Germany's third largest utilities group, and with annual turnover of about DM40bn, it is among Germany's top 10 companies in sales terms.

MoDo



■ **MoDo:** The Swedish pulp and paper group will almost certainly return to the black when it announces its first-quarter figures on Thursday. Analysts are expecting profits of up to SKr310m ($40m) after last year's SKr200m deficit.
The improvement has been driven by higher pulp and fine paper prices, a better performance at the company's French unit and lower financial costs. MoDo has already indicated that it expects a 1994 profit of more than SKr1bn after last year's SKr449m deficit.

■ **Cable & Wireless:** Analysts are forecasting annual pre-tax profits of more than £1bn ($1.5bn), up 27 per cent from £824m, for the UK telecoms group. That would give earnings per share of 32.6p, a 16 per cent increase on last year (19.4p).
However, better-than-expected results announced last Thursday at Hongkong Telecom, C&W's largest business, may make that view somewhat pessimistic.

Companies in this issue

Ennemix takes unusual route to stock market

By Andrew Taylor, Construction Correspondent

Ennemix, a small east Midlands and East Anglian aggregates company, is today expected to announce plans for one of the most unusual flotations for some time.

The company, which is seeking to raise £8.7m for new acquisitions and to reduce borrowings, will offer shares in the form of a rights issue to existing stockholders of Anglesey, a publicly quoted North Wales mining group.

Anglesey, which needs cash to pay for preliminary works, is expected to receive about £600,000 of the new money. Ennemix would take a 15 per cent stake in the mining company.

Imperial Metal Company, of Canada, which previously has provided seed-corn finance for Anglesey, would not take up its rights but would still be left with 50 per cent of the company through a debt-for-equity swap.

The scheme, which would resolve the problems of a small highly-geared aggregates company trying to float on its own in a difficult stock market and raise much needed cash for Anglesey, has been organised by Guinness Mahon.

The development of Anglesey, which owns the mining rights to 10m-15m tonnes of zinc, lead and copper as well as some gold and silver deposits in Parys Mountain, north Anglesey, has been delayed by a fall in base metal prices. The company needs to raise more funds if it is to continue.

Anglesey, instead of issuing more paper, will be asking its own shareholders to put up this money in return for Ennemix shares.

Nash Sells, a venture capital company which owns 22.5 per cent of Ennemix, plans to raise a further £1.3m by placing about half its stake with institutions.

Of the total £10m to be raised, about half will be offered by way of rights to Anglesey shareholders with the remainder of the shares to be placed.

The McLeod family, which currently owns 77 per cent of Ennemix, will not sell any of its shares – reducing its stake to about 25 per cent after the issue. About 62 per cent of Ennemix shares would be left with institutions or Anglesey shareholders.

Ennemix, which owns seven sand and gravel quarries and 17 concrete plants in the east Midlands and East Anglia, is forecasting after-tax profits of £1.1m this year following last year's £1.64m loss.

Pru issues sales staff statement

By Andrew Jack

Prudential Corporation, the UK's largest life insurer, said over the weekend that Lautro, the life industry's self regulatory body, had found training and competence of its 9,000 sales staff "generally satisfactory".

The company said that it was still considering a detailed report based on a Lautro audit, but that any recommendations for change were "minor".

Prudential cited from a letter from the regulator to Mr Mick Newmarch, the chief executive, that Lautro's findings would not have "any serious effect" on its sales operation.

The company went to the unusual length of issuing a statement to the Stock Exchange on Friday after its share price fell on rumours that its sales staff had been suspended, following a suspension by Norwich Union staff in March.

Lola accelerates growth away from the race track

By John Griffiths

Lola, the British racing car maker, has signed its first aerospace engineering contracts and is embarking on an expansion programme designed to transform it into a public company within the next four years.

Mr Eric Broadley, chairman and founder of the Huntingdon, Cambridgeshire-based company whose single seaters have dominated North America's most prestigious IndyCar championship for much of the past decade, has developed a strategy to triple the company's £12m a year turnover and take it into mainstream automotive engineering as well as aerospace.

The company employs 160 at its two operating divisions in Huntingdon, but this number is expected to grow as the strategy develops.

Mr Broadley, who owns 75 per cent of Lola Cars, said expansion outside of motor racing would be based on the skills in chassis engineering, aerodynamics and composite plastics technology that Lola has built up over three successful decades of participation in most senior categories of motor racing except Formula One grand prix.

Lola has signed several aerospace engineering contracts, including the developments of parts for British Aerospace and Westland, the helicopter concern recently acquired by GKN, the engineering and industrial services group.

Mr Broadley regards aerospace as particularly compatible with the racing car industry, in which the UK is the acknowledged world leader.

Aerospace requires high technology, low-volume production in which fast response times during development are important – and which are fundamental to racing car concerns because of the very nature of competition.

Much of Lola's expansion effort is being directed towards the rapidly growing and technology hungry Pacific rim region. Implicit in that is the expectation that Lola will be able to stay ahead, in technology terms, of the Asia-Pacific "tiger" countries like Korea.

CPL seeks listing later this month

By David Blackwell

Expectations that it can continue to spread the sweet smell of success have spurred CPL, one of only two fragrance and flavour manufacturing companies in the UK, to seek a listing on the London Stock Exchange later this month.

The company's origins go back to a firm of north country soap makers last century.

Mr Terry Pickthall, chairman, explains that his family first became involved with the industry by inventing fragrances to disguise the smell of soap made from tallow.

CPL, itself, was founded by Mr Pickthall and his late brother in 1971 as Contemporary Perfumers Limited. It has grown into a multi-national company with profits last year of £1.1m on turnover of £14.7m.

The company is 57 per cent-owned by the family, who expect to retain around 40 per cent after the listing, and 34 per cent by Ensign Trust. It is aiming to raise around £5m net of expenses through a placing with institutions, and is expecting a market capitalisation of £20m.

Mr Pickthall claims the company's products are found in goods used in most homes. The fragrances go into soaps, detergents, fabric conditioners, dishwashing liquids, air fresheners, shampoo and other personal care products, while flavourings are used in almost every manufactured food and drink.

The company operates in two divisions – fragrance and flavouring, which accounts for 60 per cent of sales and aromatic ingredients. It employs 150 people worldwide, including a team of more than 20 perfumers who operate with over 5,000 ingredients.

"Clearly nature is bountiful in supply with a wonderful array of substances," said Mr Pickthall. "These are supplemented by aromatic chemicals, which were originally designed to replicate natural fragrances, but many of which are novel."

Credit Lyonnais is sponsor to the issue.

Loss that intensified a war of words

David Blackwell on Seafield's battle with dissident shareholders

The announcement last week of a £24.2m loss on turnover of £27.5m in 1993 by Seafield, the Dublin-based transport and distribution company, intensified the war of words between the management and dissident shareholders.

Shareholders in the troubled group have seen its net worth fall from £61.2m in 1989 to £11.1m at the end of last year.

The latest losses were "the direct result of the ill-conceived decision to acquire a property development company near the peak of the property market, a decision taken by the board chaired by Mr Wilson," Mr Brian Chilver, the chairman, wrote to shareholders.

He was referring to Mr Tony Wilson, former executive chairman of the group, and the 1989 acquisition of Charterhall Properties, which was sold late last year at a loss.

Mr Wilson and Mr Robert Cosby, a corporate adviser, have been nominated by the dissidents to replace as directors Mr Chilver and Mr Richard Hayes, who was involved in the Charterhall purchase, at an extraordinary meeting to be held in Dublin on June 10.

Mr Cosby described last week's results as "much worse than the requisitioning shareholder group had been fearing."

Turnover and operating profit on continuing operations had fallen. "Unlike Mr Chilver, this is not what we would describe as the road to recovery."

The dissidents represent 25.4 per cent of the shares, and claim their support is growing. Of these the biggest single shareholder is Fidex International Trust, an offshore trust with 18.5 per cent. It was the main shareholder in Charterhall, which was chaired at the time by its founder Mr James Smith.

Seafield paid around £70m in cash and shares, partly funded by a £58m rights issue at 150p a share. On Friday, the shares stood at 12½p.

'We should win as long as there is not too much inertia among shareholders'

Mr Wilson nurses an ambition to return to the transport and distribution company which he built by acquisition while executive chairman. He claims that he wanted to resign and lead a management buy-out of the transport group when it ventured into the property market, but was urged to stay until the Charterhall deal was complete.

The Charterhall purchase, according to Mr Wilson, was arranged by Mr Dennis Jones, the 1980s entrepreneur. Mr Jones was a Seafield director and large shareholder who at the time was also finance director of Hazelwood Foods. Mr Hayes assisted Mr Jones, Mr Wilson said.

Seafield paid an arrangement fee of more than £1m to Mr Jones, but the company's auditors discovered it had not been mentioned in the rights documentation.

Mr Wilson resigned after the purchase and was ultimately followed as chairman by Mr Chilver, who had been chairman of Laing Properties. Mr Chilver, however, would not agree to a management buy-out of the transport division.

Mr Wilson remains sore. "Mr Chilver likes to present things as though I dreamed up the whole excursion into property – nothing could be further from the truth," he says.

Mr Chilver, who became chairman in July 1990, accepts that it is probably true that Mr Wilson was not keen on the foray into property, but in that case he should have resigned at once.

He himself did not realise when he joined that the problems were quite so severe. The group did not have the muscle to stay in the property sector in a declining market. One particular site in Finchley, north London, "must have cost £30m in write-offs over the last four years."

He points out that £17.5m of the latest loss represents goodwill written off on Charterhall. The purchase was originally based on profits streams, not assets – a move he dismisses as "stupid".

The way is now clear to develop the transport and distribution business, he says, blaming the fall in the division's operating profits from £1.1m to £804,000 on the European recession.

He regrets the dissident move, which came out of the blue and led to Imari, a private Irish transport company seeking a listing, to withdraw from merger talks last week.

Seafield has survived where many property companies did not, but it is now right back to square one. Mr Cosby, who will be chairman if the dissidents win, says he joined the fray because something had to be done to stop the company spiralling downwards. "They were throwing away the shareholders' money."

He argues that as a transport and distribution group, the company will be much better served by the re-appointment of Mr Wilson – "the man responsible for successfully building up its transport and distribution activities."

Mr Chilver, who argues that Seafield has maintained its reputation as an efficient transport business throughout the last four turbulent years, predicts: "We should win as long as there is not too much inertia among shareholders."

BAA interest in Australian airports

By Joel Kibazo

BAA, the airports operator, said yesterday that it was "interested" in bidding for several of Australia's airports, particularly the three biggest – Sydney, Melbourne and Brisbane.

Earlier this month, the Australian government signalled its intention to privatise the Federal Airports Corporation, which runs the airports. But a decision on the structure of the sale and whether foreign ownership will be allowed is not expected until later this year.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
IPIC (Abu Dhabi)	OMV (Austria)	Oil & chemicals	£275m	20% stake approved
US West (US)	Thomson Directories (UK)	Telecoms	£70m	USW continues UK development
Cemex (Mexico)	Unit of Lafarge Coppee (France)	Cement	£67m	Buying US assets
Manders (UK)	Premier Holding (Netherlands)	Printing inks	£38m	Manders reorganisation
Keramik Holdings (Switzerland)	Blech Marley (France)	Building materials	£19.8m	Marley disposal
Critchley Group (UK)	Idento (Germany)	Cable products	£11m	German manufacturing base
Newman Tonks (UK)	Hartmann-Sanders (US)	Carpentry products	£4.7m	Cash transaction
Quarto Group (UK)	Front Line Art Publishing (US)	Publishing	£4m	Performance-related price
British Gas (UK)	Gas Ventures Advisers (US)	Power generation	n/a	Taking 51% stake
Merck (Germany)	Amerpharm (Netherlands Antilles)	Pharmaceuticals	n/a	Generic drugs buy

PUBLIC NOTICES

Japanese chemical groups hit hard

By Paul Abrahams in Tokyo

Results from Japan's largest petrochemicals companies for the year to March 31 reflect the crisis facing a sector plagued by sluggish domestic demand, overcapacity, plunging prices and the appreciation of the yen.

News of the sector's dire trading position follow this week's decision by Showa Denko to sell its polystyrene business.

The company, a marginal manufacturer, sold its 30,000 tonnes a year Kawasaki plant to Asahi Chemical, Japan's largest polystyrene manufacturer with capacity of about 333,000 tonnes a year, equivalent to about 25 per cent of the market. The move was the latest in a series of alliances and mergers as the troubled industry restructures.

Mitsubishi Petrochemical, the country's biggest plastics group, reported a loss of Y8.39bn ($80m) compared with pre-tax profits last year of Y8.25bn. The group made an operating loss of Y13.8bn, the first since 1982. The poor result came despite cost-cutting measures, lower raw material prices, and Y4bn worth of profits from equity sales.

Turnover fell 12.2 per cent from Y372bn to Y326bn, as prices and volumes declined. Earnings per share, which reached Y52.5 in 1991, fell to a loss per share of Y9.44. The group, which is scheduled to merge with Mitsubishi Kasei on October 1, cut its dividend from Y8 per share to Y4.

Mitsubishi Kasei's pre-tax profits fell 76.8 per cent from Y9.3bn last year to Y2.2bn. The group reported its first operating loss in 40 years at Y467m, and only managed to post positive pre-tax results by selling Y15.7bn worth of equities. Turnover fell 1.8 per cent, the fourth yearly decline, to Y696bn. The dividend was halved to Y3 per share.

Mr Morihisa Takano, managing director, said the newly merged group would generate pre-tax profits of Y10bn on sales of Y855bn during the year to March 1995.

He predicted petrochemicals prices would bottom out during the summer. No decision had been made about the dividend, but the new company could pass it during the current year, he warned.

Pre-tax profits at Mitsui Petrochemical Industries, Japan's biggest polyethylene maker, plunged 75 per cent from Y9bn to Y2.26bn on sales down 9.3 per cent at Y272bn. The company blamed poor demand for the slump which offset the benefits of cost-cutting measures. The dividend is unchanged at Y6 per share. The group forecast pre-tax profits for the current year marginally up at Y3bn on turnover of Y276bn.

Shin-Etsu, one of Japan's biggest makers of polyvinyl chloride, reported profits down 26.1 per cent from Y17.6bn to Y13bn. Sales increased 0.2 per cent from Y275bn to Y276bn. Net profits fell 26.6 per cent to Y7.08bn, or Y21.85 per share.

The group maintained the final dividend at Y3.75, making the full-year payout Y7.5 per share. Shin-Etsu forecast pre-tax profits for the current year of Y15.5bn on sales of Y277bn.

The outlook for the petrochemicals industry remains bleak. The imbalance between supply and demand for ethylene, the basic building block of petrochemicals, is about 2.8m tonnes of ethylene and is set to deteriorate further this year.

A massive 700,000-tonne-a-year ethylene complex owned by Maruzen, Mitsui Petrochemical and Sumitomo Chemical comes on stream later this year and Mitsubishi Petrochemical is also commissioning a new 300,000-tonne-a-year plant this year.

Frontier Airlines in plan to fly again

By Richard Tomkins in New York

Frontier Airlines looks like becoming the first of three defunct US airlines to start flying again under plans drawn up by its former managers.

It is seeking to raise $6.9m net through a public share offering with the aim of relaunching air services from its former base in Denver, Colorado, this summer.

Last week, another defunct carrier, Eastern Airlines, outlined a plan to emerge from bankruptcy and restart services using 14 airliners from bases in Atlanta, Indianapolis and Philadelphia, but it has yet to raise the necessary funds.

Meanwhile, a group of investors has bought the rights to the Pan Am trademarks with the aim of resurrecting Pan American World Airways.

The group plans to operate the company as an umbrella organisation for other carriers wanting to use the Pan Am name. The plans, however, are still at an early stage.

Frontier ran into financial troubles in the mid-1980s and went bankrupt in 1986 after an unsuccessful attempt at a rescue by People Express, the no-frills carrier. Shortly afterwards, People Express succumbed to a takeover by Texas Air.

The new Frontier Airlines has been formed by the president and other key executives of the old company.

The company is offering 1.8m ordinary shares at $4.25 each and 1.8m redeemable warrants at $0.25 each. Net proceeds of the offer will pay for the airline's launch and for working capital after the start-up.

Power Corp and Axa in Chinese insurance venture

By Robert Gibbens in Montreal

Great-West Life, one of Power Corporation of Canada's key subsidiaries, is linking with Axa, a leading French insurer, to establish an insurance arm in China.

The Canadian company's move, which could involve investment from a Chinese partner, follows a Chinese government policy change allowing foreign companies into the financial services sector, according to Mr Paul Desmarais, who controls Power Corp.

Great-West is one of North America's leading group life and health insurers.

Mr Desmarais, who first went to China in 1979 and already has several joint investments with China International Trust & Investment (CITIC), said the government has also asked Power Corp to plan a cable TV system for Beijing.

Power Corp is negotiating with several potential international partners to set the system up, he said, but refused to identify them.

Power Corp has joint ventures in China in property, electric power and gold exploration (with American Barrick Resources), with international and Chinese partners. It dropped a pulp and paper project two years ago because infrastructure was lacking.

Mr Desmarais holds joint control of Pargesa in Europe with the Belgian Frere family. Pargesa controls Petrofina, Tractabel and other European industrial and communications interests.

Besides Great-West, he controls Investors Group, Canada's biggest mutual fund (unit trust) distributor, a communications group, 18 per cent of Southam, Canada's biggest newspaper chain, and 1 per cent of Time Warner.

Mr Desmarais, speaking after the annual meeting, said Power Corp had cash resources of nearly US$2bn and very little debt.

Power Corp's first-quarter profit was C$46.1m (US$33.5m), or 36 cents a share, up 55 per cent from a year earlier, on revenues of C$1.6bn, little changed.

Advance by Rothmans Malaysia

By Kieran Cooke in Kuala Lumpur

Rothmans (Malaysia) has announced pre-tax profits of M$402m (US$155m) for the year ending March 31 1994. The figure represents a 15.7 per cent rise over the previous year.

Rothmans' Malaysian unit is the most profitable segment of the British tobacco group's operations in the east Asia region.

Earlier this year Rothmans announced plans to merge its units in the region to give the group the financial muscle to launch a strong sales push in China and Japan.

However the plans were abandoned after shareholders in the unit, dominated by the Malaysian government's investment company, said that a merger could siphon funds out of Malaysia and dilute local control of the company's operations.

Turnover at Rothmans (Malaysia) in 1993–94 increased by 18.3 per cent to M$1.33bn. The company has recommended a final gross dividend of 40 cents per share.

Hang Seng issues HK CDs

By Louise Lucas in Hong Kong

Hang Seng Bank, the Hong Kong banking subsidiary of HSBC, has tapped the capital markets for up to HK$2bn with the launch of the colony's biggest certificate of deposit issue by a domestic bank.

The three-year floating-rate CDs, arranged by HSBC Markets (formerly Wardley Capital), also represent the lowest cost of funding yet seen by a Hong Kong bank, reflecting Hang Seng's solid and cash-rich balance sheet. It is initially seeking HK$1.2bn, and the all-in borrowing cost for managers is around 45 to 50 basis points above the Hong Kong inter-bank offered rate (Hibor).

Hang Seng, although second only to Hongkong Bank in size, is the last entrant into the market. Last year Hongkong Bank raised $3bn through 10-year subordinated collared floating-rate notes. Bank of East Asia and Shanghai Commercial Bank, both past issuers, borrowed at some 65 to 70 basis points over Hibor.

Mr Chung Chun-tung, general manager of the bank, said it was prompted by a changing attitude and a move to participate in all aspects of banking. Hang Seng has traditionally trod a very conservative path, which has been partially responsible for its low loan to deposit ratio of 42 per cent.

However, it also highlights a desire to play a role in the colony's infrastructure projects: money raised through the CDs will put Hang Seng in a better position to exploit these opportunities, said Mr Chung.

The offer, which will be open for two weeks, is expected to appeal to foreign banks seeking an exposure to the Hong Kong market and, to a lesser extent, institutional investors.

Sharp rise in earnings for Ricoh

By Emiko Terazono in Tokyo

Ricoh, the Japanese office automation and information equipment maker, posted a sharp rise in profits thanks to cuts in sales costs as a result of its restructuring programme.

The company reported a 25.5 per cent rise in unconsolidated pre-tax profits for the year to March to Y14.6bn ($140m).

Sales fell 8.4 per cent to Y596.8bn, but operating profits rose by 1.9 per cent to Y8.8bn and after-tax profits by 44.5 per cent to Y7.2bn.

Sales of copier machines fell 2.2 per cent to Y396.3bn, while information equipment declined 15.2 per cent to Y144.8bn. Domestic sales declined 4.2 per cent to Y450.2bn and exports dropped 19.4 per cent to Y145.6bn.

For the full year to next March, the company expects pre-tax profits to rise by 13.1 per cent to Y16.5bn and sales by 3.5 per cent to Y618bn.

● Nikon, the camera and semiconductor manufacturing equipment maker, returned to the black due to a recovery in the international semiconductor market.

The company posted profits of Y1.1bn, against pre-tax losses of Y2.3bn a year ago, and after-tax profits up 139.7 per cent to Y526m. Sales fell by 1.9 per cent to Y201bn with a 29.7 per cent fall in cameras offset by a 40.6 per cent rise in semiconductor equipment.

Correction

Greek Banking and Finance Survey

The figures for assets, deposits and loans held by Greece's biggest banks in 1992 in the above survey (May 20) should have been stated in drachmas and not dollars.

NEWS DIGEST

Samsung in Japanese purchase

Samsung Electronics, South Korea's largest consumer electronics company, has bought 51 per cent of Lux, the Japanese audio company, from Alpine Electronics for Y2bn ($19m), writes John Burton in Seoul.

It is the first time a Korean company has taken control of a listed Japanese concern. Lux, which was established in 1925, has encountered financial difficulties because of the high yen.

Under its agreement with Samsung, Alpine Electronics also agreed to pay Y2.5bn of Lux's Y2.7bn total debt.

Samsung said it acquired Lux to gain access to advanced digital audio technology that the Japanese company has developed. Lux's main business is the production of amplifier equipment and components, which are sold under the name Luxman.

Portuguese bank ahead so far

Caixa Geral de Depósitos, Portugal's largest bank, registered a 4.9 per cent increase in net income during the first quarter of 1994 to Es10.7bn ($62.8m), compared with Es10.2bn during the same period last year.

Net assets grew by 17.5 per cent to Es4,434bn and cash flow by 2.8 per cent to Es28.6bn, writes Peter Wise in Lisbon.

CGD, a state-owned bank that focuses on mortgage lending and savings instruments, attributed the growth largely to an increase in deposits.

Total deposits rose 13.4 per cent to Es3,177bn over the 12 months to March. Loans grew 6.6 per cent to Es1,804bn. House-purchase lending was the fastest-growing credit category, rising 9.3 per cent to Es1,074.2bn.

Shell Canada sells mothballed refinery

Shell Canada, a subsidiary of the Royal Dutch Shell group, has sold a mothballed refinery near Calgary to Aban Loyd Chiles Offshore, an oil products company based in Madras, India, writes Bernard Simon in Toronto.

The refinery, which has a capacity of 30,000 barrels of oil a day, will be dismantled and shipped to India over the next two years. Terms of the sale have not been disclosed.

The refinery, which is near the town of Balzac, Alberta, was built in 1982, but has been idle for the past two years. It was acquired by Shell last year as part of its purchase of a western Canadian oil production and distribution company.

Shell Canada shipped a similar refinery to China in 1987.

Alcan Aluminium buys sheet maker

Alcan Aluminium has bought Leichtmetallwerk Nachterstedt, an aluminium sheet business in former East Germany, from the Treuhandanstalt for an undisclosed sum, writes Robert Gibbens in Montreal.

The plant will be restructured to make automotive sheet and building and industrial sheet products.

It will become a finishing plant for Alcan's joint venture rolling mills in West Germany and will serve emerging east European markets, Alcan said.

Setback at Toray

Toray Industries, the leading Japanese synthetic fibre maker, posted its second consecutive fall in sales and pre-tax profits due to pressure from low south-east Asian imports, writes Emiko Terazono in Tokyo.

For the 12 months to March, the company posted a 26.4 per cent fall in non-consolidated pre-tax profits from the previous year to Y35.5bn on a 8.8 per cent decline in sales to Y529.2bn. After-tax profits fell 23.1 per cent to Y18.5bn.

FINANCIAL TIMES
MARKETS
THIS WEEK

Global Investor / **Martin Dickson in New York**

The fundamental things apply

Having endured a terrifying spring ride on a roller-coaster, can global bond and stock markets now look forward to an enjoyable summer rally?

That might seem overly optimistic at the start of a week when markets on both sides of the Atlantic remain jittery, and when poor German money supply figures could put additional pressure on the dollar. A stronger dollar seems essential for a sustained rally in the US bond market, which in turn is driving global sentiment in fixed income and equity markets.

Still, the Federal Reserve's firm tightening action last week, coupled with a statement implying that it will not raise rates for some time to come, has prompted a modest rally in US stocks and bonds and gone some way to helping sentiment in Europe.

The rally, and more recent technical signs of base-forming, suggest that markets may have come to terms with the initial shock of the turn in the US interest rate cycle; the accompanying liquidity problems which exaggerated the three-month correction; and concern that the Fed was not sufficiently tough on inflation. More fundamental factors may now start reasserting themselves.

The US now faces two crucial questions: can the dollar rally? And is the Fed's action sufficient to slow the economy to a more sustainable 2.5 to 3 per cent growth rate, with inflation ticking up at 3 to 3.5 per cent, extending the current expansion into 1996-97?

On both scores, the signals are likely to be confused for some time. In the short term, that may prevent the long bond yield getting out of a trading range of 7.25 to 7.50, which implies a need for further Fed action later in the year to slow growth. But if this benign environment does materialise, the yield curve could flatten dramatically in the second half, with the long bond staging a powerful rally to as low as 6.5 per cent. History, after all, suggests that long-dated US bonds traditionally yield some 3 per cent above the rate of inflation.

As for the dollar, the market's swing from optimism about the currency three months ago (Fed tightening good) to the current fashionable pessimism (trade and money flows bad) may be overdone. Figures last week underline that the US trade gap is mainly with Japan, and the recent resumption of US-Japanese trade talks, and optimistic weekend noises about progress, might help the dollar in the short-term. Japanese economic recovery, though some way off, should ameliorate the problem over the longer term.

If there is a strong second half rally in US Treasuries, it may be hard for European markets to match. Germany and the continental block pegged to its interest rate structure do not look particularly attractive on a six-month view, with the German economy showing signs of recovering more rapidly than expected.

It is not surprising, then, that last week should have seen considerable switching out of bunds into US Treasuries, gilts and French OATs, though the narrowing bund/OATs spread could be reversed later in the year as the market faces a trade off between heightened political risk (the 1995 French Presidential election) and continued easing by the Bank of France.

■ US cyclicals

The current stage of the disjointed global recovery – strong growth in the US, Europe showing the first signs of following the American pattern of an initially tentative revival – argues for a strong exposure to leading US blue-chip cyclical and technology stocks with a worldwide spread of interests and a record of big efficiency improvements over the past few years. If the US really has recovered its global competitive edge, the profitability of these companies should powerfully reflect this. Now may be a good time to pick up bargains, since cyclicals have suffered particularly badly in the market correction of the past few months.

Chrysler, for example, is selling on a prospective 1995 price/earnings ratio of just 5, despite record first quarter profits and last week's boost to its dividend. Ford and General Motors are on p/e's of 6. The market is worried that the boom in US vehicle sales may peak next year, though the car companies themselves are looking to 1996-97.

This could continue to hold back Chrysler, which has virtually no foreign production, but Ford and GM will benefit strongly from a reviving Europe.

Other cyclical and technology blue-chips with strong earnings momentum include Caterpillar, shares in which have been depressed by a still spluttering industrial dispute; and AT&T, winner of a huge contract last week from Bell Atlantic which puts its hardware arm in pole position to supply America's multi-media revolution.

■ Brazil

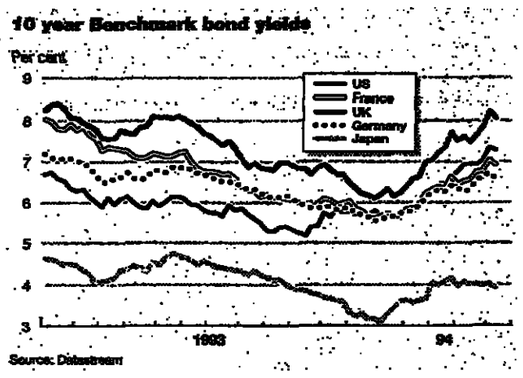
Emerging Latin American equity markets have been given a modest fillip by the Fed's tightening, but last week's sharp rise in Brazil was due as much to a reappraisal of domestic political risk.

The market has slid over the past few months on fears that left-winger Luiz Inaco Lula da Silva will win October's presidential election, rather than former economics minister Fernando Henrique Cardoso, who is committed to open the economy further and keep a cap on inflation.

Da Silva is way ahead in the polls, but the market has been buoyed by two events last week which should help Cardoso narrow the gap : the withdrawal from the race of former president José Sarney, who would have siphoned away votes, and passage by congress of measures to curb run-away inflation, notably the introduction of a new currency on July 1. If this slashes inflation to single digits, as economists hope, Cardoso should benefit.

All this has encouraged analyst Tamzin Hobday of Barings to go marginally overweight on Brazil in her model portfolio, but as she points out: "There's still huge risk there."

10 year Benchmark bond yields



Source: Datastream

Total return in local currency to 19/5/94

	% change over period					
	US	Japan	Germany	France	Italy	UK
Cash						
Week	0.08	0.04	0.10	0.11	0.14	0.09
Month	0.33	0.19	0.47	0.51	0.67	0.43
Year	3.56	3.31	6.69	6.89	10.18	6.00
Bonds 3-5 year						
Week	1.70	0.30	0.24	0.77	0.40	1.12
Month	0.95	1.32	0.91	1.26	0.77	0.54
Year	1.10	7.89	7.94	8.39	18.06	6.82
Bonds 7-10 year						
Week	2.71	0.99	1.18	1.88	0.55	2.12
Month	1.47	2.47	1.59	1.56	0.82	0.36
Year	0.25	11.84	7.88	8.56	24.57	7.72
Equities						
Week	3.0	-0.8	0.1	-0.3	-6.0	-0.5
Month	3.4	0.0	3.0	1.3	2.2	-0.2
Year	4.5	4.4	36.5	25.0	42.7	16.1

Source: Cash & Bonds - Lehman Brothers. Equities © NatWest Securities.
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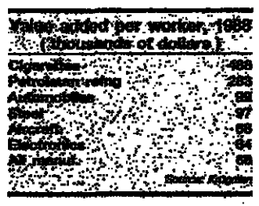
Economic Eye / **Martin Wolf**

Risks in making false analogies

"So let's start telling the truth: competitiveness is a meaningless word when applied to national economies. And the obsession with competitiveness is both wrong and dangerous."* The author of the quote, Paul Krugman of MIT, is a progenitor of "strategic trade theory", sometimes used to justify the Clinton administration's interventionist industrial and trade policies. For this reason, his robust assault on half-baked notions of competitiveness is most welcome.

In the same article, Prof Krugman notes that Ira Magaziner and Robert Reich, both important members of the Clinton administration, once argued that "our standard of living can only rise if capital and labour increasingly flow to industries with high value-added per worker". The absurd implications of such a rule of thumb are shown in the chart.

Value added per worker, 1988
(thousands of dollars)



Source: Kingston

In the case of international trade, people are readily attracted by two false analogies. The most malign is the view that trade is war. Larry Summers, undersecretary for international affairs at the US treasury, argued last week that "some would have the US and other industrial democracies . . . pursue policies directed at containing threats posed by foreign commercial rivals in an effort to preserve something called economic security. In my view this is a profoundly misguided vision. It fails to recognise the fundamental difference between prosperity and power. Power can be gained only at someone else's expense. Prosperity can be shared."**

The second false analogy is the belief that trade is similar to inter-firm competition. But countries, unlike firms, cannot go bankrupt; the bulk of the economic transactions of almost all countries are internal; and, most important, relations between trading partners are mutually beneficial, being more like those between suppliers and their customers than among competitors.

Various meanings can still be given to the idea of international competition.

- New, or lower cost, suppliers of goods and services competitive with a country's exports may emerge, imposing terms of trade losses (reductions in the prices of exports relative to imports).
- Regulatory and fiscal regimes may be forced to compete for flows of mobile factors of production, particularly capital.
- Countries may be subjected to yardstick competition, namely, international comparisons of performance.
- Internationally exposed segments of an economy may fare particularly poorly.
- The effects of imports on wages may look malign.

None of these is much like inter-firm competition. The closest to it is the possible effect on the terms of trade. But this, notes Prof Krugman, has been insignificant for industrial countries (though that has not been true for commodity exporters).

The salient feature of the last two concerns is what is happening to internal relative prices. The competitiveness of internationally exposed industries, for example, is largely determined by the real product wage – the cost of labour, adjusted for productivity, relative to the price of output. Similarly, if trade lowers the wages of the unskilled, it raises those of the skilled.

Mr Summers asserts that "notwithstanding Paul Krugman, competitiveness is important. People who talk about competitiveness want to see America produce more, better products at lower cost, and sell them into more rapidly growing and more open markets. What is wrong with that?" Nothing at all is wrong with it, except that he is talking about overall economic performance. Prof Krugman is right to complain about this habit of confusing performance with competitiveness. It is bad analysis, likely also to lead to bad policy, with foreigners blamed for domestic problems.

Trade liberalisation can improve performance, a point Prof Krugman should have emphasised. All the same, he is right to insist that international commerce is quite unlike inter-firm competition. Analogies can be highly misleading. Phenomena have to be analysed, instead, for what they are.

**Paul Krugman, "Competitiveness: a Dangerous Obsession", Foreign Affairs, March/April 1994. **Laurence Summers, "Shared Prosperity and the New International Economic Order", speech before the Institute of International Economics, May 20 1994.*

COMMODITY MARKET REPORT — Richard Mooney

Unloading coffee stocks

Representatives of coffee-producing countries accounting for more than 90 per cent of world output gather in London today for a two-day meeting on ways of releasing up to 2.5m bags (60kg each) of beans stored under their export retention scheme.

Last October the producers began stockpiling amounts equal to 20 per cent of exports in an attempt to revive sagging prices. Thanks to the price surge since then, at first encouraged by the scheme but subsequently fuelled by a genuine supply shortage, retention has been suspended for both the chiefly Latin American arabica beans and the coarser robustas that mostly come from Africa. And last month trigger prices were passed for the release of retention stocks of both types of beans.

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$384.20	+3.85	$375.15	$396.50	$369.50
Silver per troy oz	373.50p	+12.00	296.50p	384.50p	335.50p
Aluminium 99.7% (cash)	$1341.5	+16.0	$1120.0	$1325.50	$1107.50
Copper Grade A (cash)	$2223.5	+34.5	$1184.0	$2189.00	$1731.50
Lead (cash)	$477.5	-4.5	$255.75	$510.50	$426.0
Nickel (cash)	$6390.0	+100.0	$5882.5	$6290	$5210.0
Zinc SHG (cash)	$968.0	+9.0	$953.0	$1014	$900.5
Tin (cash)	$5550.0	+45.0	$5450.0	$5850.0	$4730.0
Cocoa Futures Jul	£947	-16	£864	£969	£859
Coffee Futures Jul	$2184	+227	$947	$2247	$1175
Sugar (LDP Raw)	$293.10	+0.70	$300.0	$298.2	$252.9
Barley Futures Sep	£98.25	+0.85	£108.1	£97.40	£92.65
Wheat Futures Jun	£114.25	+1.20	£138.6	£117.50	£97.80
Cotton Outlook A Index	86.40c	+0.70	58.85c	88.40c	62.45c
Wool (64s Super)	428p	+8	367p	428p	342p
Oil (Brent Blend)	$16.405x	+0.40	$18.42	$15.995	$13.16

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x July

With prices at five-year highs the task of agreeing on release arrangements will be less onerous than it might have been, but the producers will still be anxious to ensure that the process does not damage the new-found buoyancy.

The meeting will also allow them to assess this year's price rises of 82 per cent for robustas and 75 per cent for arabicas.

On Wednesday the World Gold Council, a promotional organisation financed by some mining companies, will give its verdict on international gold market trends in the first quarter of 1994.

Its views are unlikely to be much different from those of Gold Fields Minerals Services, the consultancy organisation, which, when launching its influential annual gold market survey two weeks ago, suggested that the "gold gap" – between newly-mined gold plus scrap returned to the market on the supply side, and fabrication demand and bar hoarding on the other – had narrowed from an unprecedented 700 tonnes in the first quarter of last year to 300 tonnes in the first three months of 1994. To fill that gap either gold had to be released by holders, particularly the central banks that own so much of it, or prices must go up.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock	FRIDAY MAY 20 1994: US Dollar Index	%chg since 31/12/93	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/93	Gross Div. Yield	THURSDAY MAY 19 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (89)	175.22	5.0	172.05	115.09	149.97	160.05	-2.1	3.42	174.28	171.37	114.85	149.97	159.10	189.15	130.19	134.72
Austria (17)	160.04	-2.7	176.78	118.26	154.09	153.94	-7.6	1.06	178.35	175.37	117.32	153.47	152.38	195.41	140.14	144.03
Belgium (42)	176.56	8.6	173.36	115.97	151.11	147.53	1.7	3.73	174.57	171.65	114.83	150.21	146.87	176.67	141.92	147.42
Canada (106)	131.42	-3.2	129.04	86.32	112.48	131.00	0.6	2.57	130.92	128.72	86.12	112.05	130.41	145.31	121.46	128.19
Denmark (33)	256.53	3.8	251.89	168.49	219.56	224.53	-1.7	1.31	253.89	249.44	166.88	218.29	223.53	275.79	207.58	221.72
Finland (23)	155.98	26.6	153.16	102.45	133.50	175.96	17.5	0.83	154.94	152.34	101.92	133.32	175.98	156.72	85.54	97.90
France (96)	177.11	0.7	173.91	116.33	151.59	156.40	-4.0	2.68	176.96	173.99	116.40	152.26	157.24	185.37	149.60	151.92
Germany (58)	145.17	3.5	142.54	95.35	124.25	124.25	-1.9	1.66	144.98	142.24	95.16	124.48	124.48	147.07	107.59	110.77
Hong Kong (56)	394.61	-19.4	387.47	259.19	337.75	321.37	-19.4	2.72	394.65	378.21	253.03	330.99	321.49	506.56	271.42	289.03
Ireland (14)	189.69	2.4	186.26	124.59	162.36	179.45	-3.1	3.38	187.96	184.81	123.64	161.74	178.74	209.33	158.93	158.67
Italy (60)	93.18	35.9	91.49	61.20	78.75	108.95	25.4	1.41	94.10	92.52	61.90	80.97	111.42	97.78	57.88	72.82
Japan (468)	158.55	21.8	155.68	104.14	135.70	104.14	13.4	0.77	157.39	154.76	103.53	135.43	103.53	165.91	124.84	142.87
Malaysia (98)	478.15	-19.2	469.51	314.07	409.26	476.83	-22.3	1.40	476.83	468.85	313.67	410.31	476.47	621.63	312.51	343.03
Mexico (18)	2058.47	-13.6	2021.24	1352.08	1761.82	7465.33	-7.9	1.04	2033.06	1999.00	1337.36	1749.37	7368.79	2847.06	1431.17	1514.71
Netherland (26)	203.91	2.4	200.23	133.94	174.53	171.87	-2.6	3.27	205.39	201.95	135.11	176.74	174.14	207.43	164.14	164.33
New Zealand (14)	69.30	2.0	68.04	45.52	59.31	62.70	-2.7	3.61	68.94	67.79	45.35	59.32	62.48	77.59	48.57	48.00
Norway (23)	202.68	12.8	199.02	133.13	173.47	196.10	6.9	1.69	200.56	197.20	131.93	172.57	195.07	208.42	150.61	159.00
Singapore (44)	352.77	-4.0	346.40	231.71	301.94	250.06	-8.2	1.52	353.50	347.55	232.54	304.18	249.89	378.92	242.46	254.29
South Africa (69)	258.10	-3.0	254.41	170.18	221.76	278.91	11.3	2.22	257.54	253.52	169.61	221.86	277.63	280.26	175.93	200.68
Spain (42)	148.99	7.6	147.28	98.52	128.37	154.56	2.4	3.86	147.63	145.45	97.31	127.29	152.95	155.79	116.33	129.21
Sweden (36)	229.72	17.0	225.57	150.89	196.62	260.76	7.6	1.53	231.35	227.48	152.19	199.07	263.36	231.35	163.85	177.16
Switzerland (47)	159.63	-0.3	156.74	104.85	136.62	139.05	-6.7	1.76	158.56	155.90	104.30	136.43	138.61	176.56	122.57	123.14
United Kingdom (205)	193.31	-5.7	189.82	126.98	165.46	189.82	-7.6	3.92	192.91	189.68	126.90	166.00	189.68	214.96	170.32	178.10
USA (519)	185.43	-2.4	182.08	121.80	158.71	185.43	-2.4	2.88	185.92	182.81	122.30	159.96	185.92	198.04	178.95	184.18
EUROPE (724)	171.94	2.1	168.83	112.94	147.16	160.33	-2.9	2.89	171.68	168.76	112.90	147.66	160.62	176.58	141.58	145.29
Nordic (115)	217.45	14.7	213.52	142.83	186.11	215.37	6.7	1.39	217.39	213.74	143.00	187.05	216.27	220.60	156.82	167.89
Pacific Basin (750)	167.53	16.5	164.50	110.04	143.39	114.48	6.2	1.06	166.19	163.40	109.32	143.09	113.70	168.60	134.79	147.06
Euro-Pacific (1474)	169.21	9.1	166.15	111.14	144.82	132.58	3.2	1.83	168.30	165.48	110.71	144.81	132.16	170.78	141.36	146.22
North America (523)	182.08	-2.3	178.79	119.59	156.94	181.67	-2.2	2.87	182.51	179.45	120.05	157.04	182.08	182.73	175.87	180.71
Europe Ex. UK (519)	156.35	6.0	153.52	102.69	133.62	141.74	0.2	2.28	156.09	153.48	102.68	134.31	142.21	157.47	122.37	125.12
Pacific Ex. Japan (281)	255.18	-11.0	250.57	167.61	218.41	229.73	-14.0	2.56	252.18	247.96	165.89	217.00	227.03	296.21	182.38	188.42
World Ex. US (1657)	170.17	8.2	167.10	111.77	145.65	135.85	3.1	1.85	169.25	166.42	111.33	145.63	135.41	172.51	142.94	147.01
World Ex. UK (1971)	172.37	5.2	169.25	113.21	147.53	147.84	2.1	2.03	171.91	169.03	113.08	147.92	147.46	175.58	153.22	156.59
World Ex. So. Af. (2117)	173.73	4.4	170.58	114.11	148.69	150.50	1.0	2.21	173.28	170.38	113.98	149.10	150.32	178.56	155.00	158.30
World Ex. Japan (1707)	184.61	-1.7	181.27	121.26	158.01	178.80	-3.3	2.82	184.51	181.42	121.37	158.76	178.94	195.20	165.72	168.57
The World Index (2176)	174.22	4.3	171.07	114.43	149.12	151.47	1.1	2.21	173.77	170.86	114.31	149.52	151.28	178.97	155.17	158.49

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 110.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 136.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).
Constituent changes during week ending 20/5/94: Deletion: Sandoz (P.C.) Switzerland. Name change: Capital Holdings to ProvidianCorp. (USA). Constituent changes with effect 24/5/94: Addition: Elecsabel (NVPR). Deletions: Electabel A, B, C, and O (Belgium). Constituent change with effect 23/5/94: Share fraction change: U.A.F. (France) 0.25 to 1.0.

STOCK INDICES

	May 20	May 19	May 18	May 17	May 16	1994 High	1994 Low	Since comp. High	Since comp. Low
FT-SE 100	3127.3	3122.0	3116.5	3123.5	3115.6	3328.3	3070.5	3328.3	986.9
FT-SE Mid 250	3714.6	3713.5	3711.7	3707.2	3708.9	4152.8	3708.9	4152.8	1378.4
FT-SE Mid 250 ex ITs	3723.9	3723.5	3721.5	3718.0	3719.0	4189.7	3718.0	4189.7	1378.3
FT-SE-A 350	1582.4	1580.8	1578.0	1580.2	1577.2	1778.3	1564.7	1778.3	864.5
FT-SE SmallCap	1923.48	1920.33	1921.12	1917.87	1919.29	2084.98	1874.73	2094.98	1363.79
FT-SE SmallCap ex ITs	1898.56	1896.00	1896.93	1893.87	1896.30	2060.72	1825.29	2060.72	1363.79
FT-SE-A All-Share	1573.88	1571.69	1569.61	1571.48	1569.74	1764.11	1558.58	1764.11	61.92

	May 20	May 19	May 18	May 17	May 16	1994 High	1994 Low	Since comp. High	Since comp. Low
FT-SE Eurotrack 100	1456.87	1466.18	1478.09	1476.21	1471.75	1549.18	1393.00	1549.19	900.45
FT-SE Eurotrack 200	1474.20	1480.47	1489.45	1488.64	1485.61	1557.10	1440.06	1557.10	938.52
FT Ordinary	2473.0	2477.5	2464.5	2469.8	2462.8	2713.6	2439.2	2713.6	49.4
FT Govt Securities	95.92	95.94	95.84	94.79	94.52	107.04	93.20	127.49	49.18
FT Fixed Interest	114.73	114.29	113.29	112.52	112.36	133.67	110.62	133.67	50.59
FT Gold Mines	1934.44	1922.35	1938.13	1940.58	1949.62	2267.4	1762.02	2267.4	922.18
Predecessor Gold Mines	208.2	205.4	196.5	205.0	208.2	273.9	185.0	734.7	43.5

EMERGING MARKETS: This Week

The Emerging Investor / James Whittington

Arab world opens arms for investment

For the emerging market investor looking for something slightly off-beat, a new country fund is due to be launched this week which, for the first time, will allow foreign equity investment in the Gulf.

The $50m Oryx Fund in Oman is jointly managed by London-based Blakeney Management and the Oman National Insurance company in Muscat. It will have exclusive six month access to the Muscat securities market, which has 62 listed stocks, a market capitalisation of some $1.5bn and an annual turnover of about $200m.

The fund will be listed in both Muscat and London, and while 51 per cent of the capital will be raised domestically in Oman through the Al Ahlia Portfolio company, the rest will be open to international investors through Baring Securities in the UK.

Managers hope eventually to see the foreign portion of the fund raised and its scope expanded to include other markets in the region, such as Bahrain.

The Arab world has been largely excluded from the wave of foreign funds flowing into stock markets of developing countries.

Out of an estimated $52bn of cross border equity flows invested in emerging markets worldwide in 1993, the small bourses of the Middle East, north Africa, and the Gulf states attracted less than 2 per cent, according to Barings, compared to more than 38 per cent invested in Latin America and 58 per cent in the Pacific Rim.

This, however, is set to change as projects like the Oryx Fund put the region under increasing scrutiny by emerging market investors.

Spurred by favourable developments in the Middle East peace process and an increasing acceptance among Arab governments that barriers to foreign investment must be removed, international securities houses are showing considerable enthusiasm for the region's prospects.

The market which has attracted most attention so far is Morocco. Having co-operated closely with the International Monetary Fund, the kingdom is virtually free of its debt burden and is undergoing rapid economic growth accompanied by low inflation.

Last month Solomon Brothers Asset Management of the US launched the first Morocco country fund, worth $60m, in conjunction with Omnium Nord Africa, the Moroccan conglomerate.

The fund is aimed at equity investments in listed stocks on the Casablanca exchange, which has has a market capitalisation of about $4.4bn, 68 listed companies, and an average monthly turnover of $65m. It is well placed to take advantage of the kingdom's privatisation programme which began last summer and is by far the fastest in the region.

The government aims to divest $2bn worth of state assets by the end of 1995, and so far all offerings in over 50 companies have been oversubscribed by both local and international investors.

Also in north Africa, both Tunisia and Egypt are seen as offering similar opportunities to Morocco with a government commitment to IMF-guided liberalisation policies and a desire, albeit cautious, to attract foreign capital through privatisation. Currently their tiny stock markets are at pre-emerging, rather than emerging stages, with little in the way of scrip to be traded.

Tunisia has a market capitalisation of only $1.2bn and 19 listed companies, while Egypt, misleadingly, has 674 stocks of which only about 15 are actively traded. However, capital market reforms have recently been put in place in both countries and international investors are waiting in anticipation for state assets to come up for sale.

Further east, one of the most sophisticated and liquid capital markets in the region is Jordan. The Amman financial market is attracting a surprising level of outside interest despite the lack of any firm commitment from the government towards privatisation.

It has a strong domestic base with about 100,000 local investors, far more than any other market in the region, and is well regulated. Buoyed by two successive years of strong real economic growth, sustained government commitment to IMF reforms and high domestic liquidity, the market peaked last year and has since levelled out. Average monthly turnover in 1994 is about $60m, compared to $110m in 1993. The exchange has 100 listed stocks and a market capitalisation of some $5.2bn.

Elsewhere in the Middle East, the equity culture has yet to catch on, although it may only be a matter of time before it does so. Syria's government has been toying with the idea of a stock market as part of its self-administered economic reforms and a draft bill for its establishment is awaiting submission to the People's Assembly. The Palestinians, having only been granted limited self-rule this month, are now talking of establishing a bourse in the West Bank; and Lebanon's plans to re-open the Beirut stock exchange, which was closed in 1983 at the peak of its civil war, are finally ready for implementation.

The successful $650m Arab-only share offering in Solidere, the company established to rebuild downtown Beirut, has created the basis upon which the Lebanese government will restart what many international brokers consider likely to be the Middle East's most promising market. Andersen Consultants in London has completed work on creating a secondary market in the $1.8bn company's shares and official trading is due to begin in June. Although shares in Solidere are closed to non-Arab investors, other private companies which are expected to come to the market will be totally open to foreigners.

In anticipation of this, IFC – a Washington-based arm of the World Bank – is already talking of an investment fund for Lebanon which will be used for equity participation in small and medium-sized companies which will eventually be listed. And a number of leading international securities houses are already positioning themselves for business in Beirut.

In the Gulf, Oman stands alone in allowing foreign investors access to its stock exchange, although Bahrain is currently looking at ways of easing its restrictions. The substantial stock market in Saudi Arabia, with a capitalisation of $50bn, along with the United Arab Emirates and Kuwait, however, remain closed for the time being. But many analysts believe that depressed oil prices, diminishing state revenues and the need to attract foreign capital into non-oil industrial ventures will eventually spur an opening up.

The World Bank forecasts regional economic growth in the Arab world over the next 10 years to be higher than at any time since the 1970s oil boom. In the period 1994-2003, real regional GDP will grow by a yearly average of 3.8 per cent, compared to only 0.4 per cent in the 1980s. Add to this the large sums of money held by Arabs outside the region which will be attracted home as stock markets develop – more than $350bn according to one analyst at the IFC – and the Arab world looks like an emerging market waiting to happen.

Ten best performing stocks

Stock	Country	Friday close	Week on week change $	%
Banco Bradesco (Pfd)	Brazil	0.0148	0.0035	31.55
Petrobras (Pfd)	Brazil	0.0947	0.0198	26.36
Kordosa	Turkey	0.2085	0.0335	19.16
Telecom Argentina	Argentina	6.6126	1.0370	18.60
Unggul Indah Corporation	Indonesia	3.1436	0.4725	17.69
Banco Galicia	Argentina	9.7185	1.4602	17.68
Banco Frances	Argentina	10.5701	1.5611	17.33
Sadia Concordia	Brazil	0.8393	0.1223	17.06
Kalbe Farma	Indonesia	7.3043	1.0600	16.98
Aracruz Celulose (Pfd)	Brazil	1.9183	0.2758	16.79

Source: Baring Securities

News round-up

Greece

Buying opportunities are expected on the Athens stock market this week, with brokers predicting a sharp decline in the value of the drachma, writes Kerin Hope in Athens.

The index rose slightly on Friday as overseas institutional investors returned to the market amid rumours that the currency would be devalued. However, the index was 2.3 per cent down on the week. The government's attempts to offset pressure on the drachma by raising interest rates and lifting capital controls six weeks ahead of the EU's July 1 deadline, triggered turmoil on Athens financial markets.

The drachma closed the week only 1.32 per cent down against the D-Mark. But that reflected soaring short-term interest rates that at one point reached 500 per cent. Foreign institutional investors bought Greek blue-chips, and export-led companies, including textile and cement manufacturers.

Strategy

With the sharp correction in emerging markets this year investors might wonder if there is more bad news to come. Foreign & Colonial notes that the IFC Latin American index is off nearly 30 per cent since its peak in mid-February, while Asia was down some 15 per cent by the end of the first quarter. According to F & C the apparent hesitation by the US Federal Reserve to raise short rates more rapidly increased uncertainty and adversely affected short-term liquidity flows to emerging markets. The latest rise in US rates should trigger an upturn, says F&C, and they forecast strong performance over the next few months with the Latin American markets leading the way.

Moldova

Moldova is to transfer 1,600 state-owned companies to private ownership in auctions forming part of a delayed privatisation campaign, Reuter reports.

Most small companies will be sold by auction but investors will also be allowed to subscribe in larger groups.

- **Emerging markets coverage appears daily on the World Stock Markets page.**

CURRENCY MARKETS

Philip Gawith

Market watches German money supply

Foreign exchanges will be focusing this week on the release of the April German M3 figure for an indication of the likely future path of German, and European, interest rates.

Markets were awash last week with rumours of another poor figure – M3 grew by 15.4 per cent in March, way beyond the Bundesbank's 2-6 per cent target range – which would probably slow the pace of monetary easing.

These fears come in the wake of comments made last week by Mr Hans Tietmeyer, president of the Bundesbank, that recent German rate cuts had "cleared the horizon for the next few months".

The market took this to mean that the central bank will probably slow the pace of German rate cuts. German rates, which set the level for most European interest rates, have fallen fairly briskly in recent weeks. The repo rate is 5.23 per cent, down from 6 per cent three months ago. Although the Bundesbank has been fairly cavalier in the attention it has recently given to M3, it runs the risk of damaging its credibility if it continues to cut-rates against the background of ongoing, and substantial, overshoots in an important monetary indicator. As a result, there is little anticipation of any move in rates at this week's Bundesbank council meeting.

If the market's suspicions prove correct, this is likely to bolster the D-Mark and put renewed pressure on the dollar. It may be that the central banks will again be called on to support the dollar, as they did earlier this month. Last Friday the dollar was slipping back towards the levels that prompted the previous bout of intervention, despite recent favourable moves in German and US interest rates.

US data releases this week include April durable goods orders, and the revised first quarter GDP figure. These are unlikely to have important currency implications, as the Fed has implied that no rate increases are likely in the near term.

In Europe attention is likely to stay with Greece where the drachma is under speculative attack. Short-term interest rates have risen as high as 500 per cent, as banks have sought to defend the currency, but most analysts regard devaluation as inevitable.

In the UK, the market is likely to focus on Friday's release of the CBI monthly trends enquiry. The forward-looking survey will be inspected for any signs of inflation, which could hasten a tightening of monetary policy. This would help sterling, but any rise in the UK currency is likely to be capped by its ties with the weak dollar.

Baring Securities emerging markets indices

Index	20/5/94	Week on week movement Actual	Week on week movement Percent	Month on month movement Actual	Month on month movement Percent	Year to date movement Actual	Year to date movement Percent
World (264)	155.27	7.60	5.14	10.50	7.25	-13.14	-7.80
Latin America							
Argentina (19)	118.60	12.70	11.99	18.71	18.73	3.22	2.79
Brazil (21)	140.73	16.73	13.50	8.74	6.62	1.08	0.77
Chile (12)	174.13	8.78	5.31	10.12	6.17	26.59	18.02
Mexico (24)	141.38	9.90	7.53	19.11	15.63	-19.89	-12.33
Latin America (76)	143.02	12.33	9.43	15.92	12.52	-6.22	-4.17
Europe							
Greece (14)	83.59	-5.03	-5.68	-6.79	-7.52	0.49	0.59
Portugal (14)	116.91	3.74	3.31	-9.78	-7.72	4.79	4.27
Turkey (22)	59.42	2.47	4.34	-24.08	-28.84	-102.29	-63.25
Europe (50)	93.45	0.35	0.38	-11.53	-10.98	-18.79	-16.74
Asia							
Indonesia (20)	151.12	7.21	5.01	11.32	8.10	-19.92	-11.65
Korea (23)	130.25	-1.24	-0.94	12.97	11.06	20.55	18.73
Malaysia (22)	211.11	-1.53	-0.72	1.06	0.50	-41.94	-16.58
Pakistan (10)	103.60	-1.86	-1.76	-15.82	-13.10	-8.10	-7.25
Philippines (11)	277.17	-4.03	-1.43	5.61	2.07	-45.31	-14.05
Thailand (22)	221.97	13.13	6.29	11.84	5.53	-41.58	-15.78
Taiwan (30)	147.77	-4.33	-2.84	3.37	2.33	-5.94	-3.86
Asia (138)	196.33	0.79	0.41	6.00	3.15	-25.08	-11.33

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, May 20, 1994. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	2578.39	1707.74	1037.31	1643.52
Albania	(Lek)	166.54	110.306	67.0019	106.158
Algeria	(Dinar)	55.5385	36.7853	22.3441	35.4018
Andorra	(Fr Fr)	8.4994	5.6294	3.4194	5.4177
	(Sp Peseta)	205.371	136.025	82.6243	130.91
Angola	(New Kwanza)	107246.0	71033.2	43146.9	68361.8
Antigua	(E Carr $)	4.0878	2.7075	1.6445	2.6056
Argentina	(Peso)	1.5089	0.998	0.6062	0.9605
Aruba	(Florin)	2.7101	1.795	1.0903	1.7274
Australia	(Aus $)	2.0738	1.3735	0.8343	1.3219
Austria	(Schilling)	17.4827	11.5794	7.0335	11.1439
Azores	(Port Escudo)	257.195	170.35	103.474	163.944
Bahamas	(Bahama $)	1.5098	1	0.6074	0.9623
Bahrain	(Dinar)	0.5692	0.377	0.2289	0.3628
Balearic Is	(Sp Peseta)	205.371	136.025	82.6243	130.91
Bangladesh	(Taka)	59.6371	39.5	23.993	38.0144
Barbados	(Barb $)	3.0451	2.0168	1.225	1.941
Belgium	(Belg Fr)	51.1558	33.8825	20.5806	32.6082
Belize	(B $)	3.0280	2.0055	1.2182	1.9301
Benin	(CFA Fr)	849.940	562.949	341.946	541.777
Bermuda	(Bermudian $)	1.5098	1	0.6074	0.9623
Bhutan	(Ngultrum)	47.3624	31.3699	19.0547	30.1902
Bolivia	(Boliviano)	6.9602	4.61	2.8002	4.4368
Botswana	(Pula)	4.0861	2.7063	1.6439	2.6046
Brazil	(Cruzeiro Real)	2518.59	1668.16	1013.27	1605.42
Brunei	(Brunei $)	2.3226	1.5383	0.9344	1.4804
Bulgaria	(Lev)	82.2930	54.5062	33.1074	52.4553
Burkina Faso	(CFA Fr)	849.940	562.949	341.946	541.777
Burma	(Kyat)	9.2750	6.1431	3.7314	5.9121
Burundi	(Burundi Fr)	387.45	256.623	155.878	246.972
Cambodia	(Riel)	5299.00	3509.74	2131.88	3377.74
Cameroon	(CFA Fr)	849.940	562.949	341.946	541.777
Canada	(Canadian $)	2.0783	1.3765	0.8361	1.3247
Canary Is	(Sp Peseta)	205.371	136.025	82.6243	130.91
Cp. Verde	(CV Escudo)	130.192	86.2312	52.3785	82.9882
Cayman Is	(CI $)	1.2416	0.8222	0.4994	0.7913
Cent.Afr. Rep	(CFA Fr)	849.940	562.949	341.946	541.777
Chad	(CFA Fr)	849.940	562.949	341.946	541.777
Chile	(Chilean Peso)	641.212	424.7	257.971	408.728
China	(Yuan)	13.0752	8.6602	5.2603	8.3345
Colombia	(Col Peso)	1272.01	842.502	511.752	810.817
CIS ‡	(Rouble)	0.8917o	0.5906	0.3587	0.5683
		2846.73m	1885.5	1145.29	1814.59
Comoros	(CFA Fr)	849.940	562.949	341.946	541.777
Congo (Brazz)	(CFA Fr)	849.940	562.949	341.946	541.777
Costa Rica	(Colon)	234.396	155.251	94.3023	149.412
Côte d'Ivoire	(CFA Fr)	849.940	562.949	341.946	541.777
Croatia	(Dinar)	9276.28	6144.05	3732.01	5912.98
Cuba	(Cuban Peso)	1.1467	0.7595	0.4613	0.7309
Cyprus	(Cyprus £)	0.7542	0.4996	0.3034	0.4807
Czech Rep.	(Koruna)	43.9960	29.1402	17.7003	28.0443
Denmark	(Danish Krone)	9.7164	6.4355	3.909	6.1935
Djibouti Rep	(Djib Fr)	269.75	178.666	108.525	171.947
Dominica	(E Carrib $)	4.0878	2.7075	1.6445	2.6056
Dominican Rep	(D Peso)	20.1816	13.367	8.1194	12.8643
Ecuador	(Sucre)	3096.13o	2050.69	1245.63	1973.57
		3289.14a	2178.54	1322.07	2094.89
Egypt	(Egyptian £)	5.1245	3.3941	2.0616	3.2665
El Salvador	(Colon)	13.2475	8.7743	5.3296	8.4443
Equat'l Guinea	(CFA Fr)	849.940	562.949	341.946	541.777
Estonia	(Kroon)	19.9616	13.2213	8.0308	12.7241
Ethiopia	(Ethiopian Birr)	7.4945	4.9637	3.015	4.777
Falkland Is	(Falk £)	1.00	0.6623	0.4023	0.6374
Faroe Is	(Danish Kroner)	9.7164	6.4355	3.909	6.1935
Fiji Is	(Fiji $)	2.2345	1.4799	0.8989	1.4243
Finland	(Markka)	8.1164	5.3761	3.2649	5.1729
France	(Fr)	8.4994	5.6294	3.4194	5.4177
Fr. Cty/Africa	(CFA Fr)	849.940	562.949	341.946	541.777
Fr. Guiana	(Local Fr)	8.4994	5.6294	3.4194	5.4177
Fr Pacific Is	(CFP Fr)	155.70	103.126	62.6408	99.2478
Gabon	(CFA Fr)	849.940	562.949	341.946	541.777
Gambia	(Dalasi)	14.9886	9.9275	6.0301	9.5541
Germany	(D-Mark)	2.4856	1.6463	1	1.5843
Ghana	(Cedi)	1397.42	925.566	562.208	890.757
Gibraltar	(Gib £)	1.00	0.6623	0.4023	0.6374
Greece	(Drachma)	375.659	248.82	151.138	239.463
Greenland	(Danish Krone)	9.7164	6.4355	3.909	6.1935
Grenada	(E Carr $)	4.0878	2.7075	1.6445	2.6056
Guadeloupe	(Local Fr)	8.4994	5.6294	3.4194	5.4177
Guam	(US $)	1.5098	1	0.6074	0.9623
Guatemala	(Quetzal)	8.6524	5.7308	3.481	5.5152
Guinea	(Fr)	1478.71	979.408	594.911	942.574
Guinea-Bissau	(Peso)	18604.05	12322.2	7484.72	11858.8
Guyana	(Guyanese $)	199.697	132.267	80.3415	127.293
Haiti	(Gourde)	18.1690	12.0333	7.3093	11.5806
Honduras	(Lempira)	12.2026	8.0823	4.9093	7.7784
Hong Kong	(HK $)	11.6633	7.725	4.6923	7.4345
Hungary	(Forint)	155.374	102.91	62.5096	99.04
Iceland	(Icelandic Krona)	107.220	71.016	43.1364	68.3452
India	(Indian Rupee)	47.3624	31.3699	19.0547	30.1902
Indonesia	(Rupiah)	3265.89	2163.13	1313.92	2081.78
Iran	(Rial)	2630.00	1741.95	1058.09	1676.44
Iraq	(Iraqi Dinar)	0.4707	0.3117	0.1893	0.3
Irish Rep	(Punt)	1.0137	0.6714	0.4078	0.6461
Israel	(Shekel)	4.5536	3.016	1.8319	2.9026
Italy	(Lira)	2385.48	1580	959.72	1520.58
Jamaica	(Jamaican $)	50.4920	33.4428	20.3138	32.1851
Japan	(Yen)	156.883	103.91	63.1167	100.002
Jordan	(Jordanian Dinar)	1.0554	0.699	0.4246	0.6727
Kenya	(Kenya Shilling)	86.03	56.981	34.6113	54.838
Kiribati	(Australian $)	2.0738	1.3735	0.8343	1.3219
Korea North	(Won)	3.2551	2.1559	1.3095	2.0748
Korea South	(Won)	1216.97	806.047	489.606	775.733
Kuwait	(Kuwaiti Dinar)	0.4506	0.2984	0.1812	0.2872
Laos	(New Kip)	1090.08	722.008	438.559	694.85
Latvia	(Lats)	0.8529	0.5649	0.3431	0.5436
Lebanon	(Lebanese £)	2544.77	1685.5	1023.81	1622.11
Lesotho	(Maluti)	5.5481	3.6747	2.232	3.5365
Liberia	(Liberian $)	1.5098	1	0.6074	0.9623
Libya	(Libyan Dinar)	0.4807	0.3183	0.1933	0.3064
Liechtenstein	(Swiss Fr)	2.1214	1.405	0.8534	1.3522
Lithuania	(Litas)	6.0560	4.0111	2.4364	3.8602
Luxembourg	(Lux Fr)	51.1558	33.8825	20.5806	32.6082
Macao	(Pataca)	12.0823	8.0025	4.8609	7.7016
Madagascar	(MG Fr)	2785.75	1845.11	1120.76	1775.72
Madeira	(Port Escudo)	257.195	170.35	103.474	163.944
Malawi	(Kwacha)	10.4617	6.9291	4.2089	6.6686
Malaysia	(Ringgit)	3.9088	2.5892	1.5727	2.4919
Maldive Is	(Rufiya)	16.9947	11.2562	6.8372	10.8329
Mali Rep	(CFA Fr)	849.940	562.949	341.946	541.777
Malta	(Maltese Lira)	0.5799	0.384	0.2333	0.3698
Martinique	(Local Fr)	8.4994	5.6294	3.4194	5.4177
Mauritania	(Ouguiya)	185.510	122.871	74.6338	118.25
Mauritius	(Maur Rupee)	27.1480	17.9798	10.9213	17.3036
Mexico	(Mexican Peso)	6.0080	3.3169	2.0146	3.1922
Miquelon	(Local Fr)	8.4994	5.6294	3.4194	5.4177
Monaco	(French Fr)	8.4994	5.6294	3.4194	5.4177
Mongolia	(Tugrik)	605.60	401.113	243.643	386.026
Montserrat	(E Carr $)	4.0878	2.7075	1.6445	2.6056
Morocco	(Dirham)	13.9496	9.2396	5.6117	8.8911
Mozambique	(Metical)	8555.80	5666.84	3442.15	5453.72
Namibia	(S A Rand)	5.5481	3.6747	2.232	3.5365
Nauru Is	(Australian $)	2.0738	1.3735	0.8343	1.3219
Nepal	(Nepalese Rupee)	74.5545	49.387	29.9985	47.5296
Netherlands	(Guilder)	2.7882	1.8467	1.1217	1.7772
N'nd Antilles	(A/Guilder)	2.7101	1.795	1.0903	1.7274
New Zealand	(NZ $)	2.5727	1.704	1.035	1.6399
Nicaragua	(Gold Cordoba)	10.0374	6.6481	4.0382	6.3981
Niger Rep	(CFA Fr)	849.940	562.949	341.946	541.777
Nigeria	(Naira)	33.0436	21.886	13.294	21.0629
Norway	(Nor. Krone)	10.7622	7.1282	4.3298	6.8601
Oman	(Rial Omani)	0.5813	0.385	0.2338	0.3705
Pakistan	(Pak. Rupee)	46.2292	30.6194	18.5986	29.4678
Panama	(Balboa)	1.5098	1	0.6074	0.9623
Papua New Guinea	(Kina)	1.4268	0.945	0.574	0.9094
Paraguay	(Guarani)	2722.17	1803	1095.18	1735.19
Peru	(New Sol)	3.2952	2.1825	1.3257	2.1004
Philippines	(Peso)	40.9157	27.1	16.461	26.0806
Pitcairn Is	(£ Sterling)	1.00	0.6623	0.4023	0.6374
	(NZ $)	2.5727	1.704	1.035	1.6399
Poland	(Zloty)	33789.3	22380	13594	21538.3
Portugal	(Escudo)	257.195	170.35	103.474	163.944
Puerto Rico	(US $)	1.5098	1	0.6074	0.9623
Qatar	(Riyal)	5.5125	3.6511	2.2177	3.5138
Reunion Is. de la	(F Fr)	8.4994	5.6294	3.4194	5.4177
Romania	(Leu)	2501.61	1656.85	1006.4	1594.54
Rwanda	(Fr)	216.20(2)	143.196	86.981	137.812
St Christopher	(E Carr $)	4.0878	2.7075	1.6445	2.6056
St Helena	(£)	1.00	0.6623	0.4023	0.6374
St Lucia	(E Carr $)	4.0878	2.7075	1.6445	2.6056
St Pierre	(French Fr)	8.4994	5.6294	3.4194	5.4177
St Vincent	(E Carr $)	4.0878	2.7075	1.6445	2.6056
San Marino	(Italian Lira)	2385.48	1580	959.72	1520.58
Sao Tome	(Dobra)	363.380	240.686	146.196	231.617
Saudi Arabia	(Riyal)	5.6622	3.7502	2.278	3.6092
Senegal	(CFA Fr)	849.940	562.949	341.946	541.777
Seychelles	(Rupee)	7.7138	5.1091	3.1033	4.917
Sierra Leone	(Leone)	870.550	576.6	350.237	554.915
Singapore	($)	2.3226	1.5383	0.9344	1.4804
Slovakia	(Koruna)	48.8585	32.3609	19.6566	31.1439
Slovenia	(Tolar)	201.65	133.561	81.1272	128.538
Solomon Is	($)	4.9157	3.2558	1.9776	3.1334
Somali Rep	(Shilling)	3966.68	2627.29	1595.86	2528.48
South Africa	(Rand)	5.5481c	3.6747	2.232	3.5365
		7.4358g	4.925	2.9915	4.7398
Spain	(Peseta)	205.371	136.025	82.6243	130.91
Spanish Ports in N Africa	(Sp Peseta)	205.371	136.025	82.6243	130.91
Sri Lanka	(Rupee)	74.2585	49.1849	29.8758	47.3352
Sudan Rep	(Dinar)	53.2170	35.2477	21.4101	33.9221
Surinam	(Guilder)	2.7025	1.7899	1.0872	1.7225
Swaziland	(Lilangeni)	5.5481	3.6747	2.232	3.5365
Sweden	(Krona)	11.5769	7.6677	4.6575	7.3793
Switzerland	(Fr)	2.1214	1.405	0.8534	1.3522
Syria	(£)	31.0370	20.557	12.4867	19.7839
Taiwan	($)	40.5080	26.83	16.297	25.821
Tanzania	(Shilling)	764.57	506.405	307.6	487.36
Thailand	(Baht)	38.0243	25.1849	15.2976	24.2378
Togo Rep	(CFA Fr)	849.940	562.949	341.946	541.777
Tonga Is	(Pa Anga)	2.0738	1.3735	0.8343	1.3219
Trinidad/Tobago	($)	8.9792	5.9472	3.6124	5.7236
Tunisia	(Dinar)	1.5405	1.0203	0.6197	0.9819
Turkey	(Lira)	50691.7	33575.1	20394.2	32312.4
Turks & Caicos	(US $)	1.5098	1	0.6074	0.9623
Tuvalu	(Australian $)	2.0738	1.3735	0.8343	1.3219
Uganda	(New Shilling)	1426.19	944.622	573.781	909.096
Ukraine	(Karbovanets)	19833.6	13136.5	7979.36	12642.5
U A E	(Dirham)	5.5448	3.6725	2.2307	3.5344
United Kingdom	(£)	1.00	0.6623	0.4023	0.6374
United States	(US $)	1.5098	1	0.6074	0.9623
Uruguay	(Peso Uruguayo)	7.3278	4.8534	2.9481	4.6709
Vanuatu	(Vatu)	176.043	116.6	70.8251	112.215
Vatican	(Lira)	2385.48	1580	959.72	1520.58
Venezuela	(Bolivar)	208.081	137.82	83.7145	132.637
Vietnam	(Dong)	16586.0	10985.6	6672.84	10572.4
Virgin Is-British	(US $)	1.5098	1	0.6074	0.9623
Virgin Is-US	(US $)	1.5098	1	0.6074	0.9623
Western Samoa	(Tala)	3.9243	2.5992	1.5788	2.5014
Yemen (Rep of)	(Rial)	88.30a(3)	58.4845	35.5246	56.285
Yemen (Rep of)	(Dinar)	0.6884(3)	0.4559	0.2769	0.4388
Yugoslavia	(New Dinar) (1)				
Zaire Rep	(Zaire)	377.60	250.099	151.915	240.694
Zambia	(Kwacha)	1026.63	679.911	412.991	654.341
Zimbabwe	($)	12.0742	7.9972	4.8576	7.6964

Special Drawing Rights May 19, 1994 United Kingdom £0.939364 United States $1.41831 Germany DM2.34456 Japan Y146.730 European Currency Unit Rates May 20, 1994 United Kingdom £0.774800 United States $1.17018 Germany DM1.93138 Japan Y122.108

Abbreviations. (a) Free rate, (b) Banknote rate, (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate;(k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate, (p) preferential rate, (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate ; ‡ CIS applies to states in the Rouble Zone. (1) Yugoslav Dinar rate n/a. (2) Rwandan rate for March 31st. (3) Yemeni rates for April 28th. Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.

Please note that The FT Guide to World Currencies for May 27th will be published in The Financial Times on Bank Holiday Monday, May 30th.

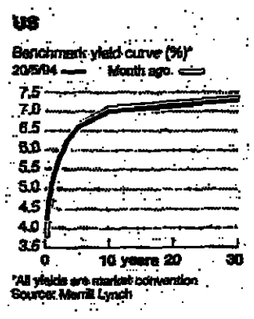
WORLD BOND MARKETS: This Week

NEW YORK — Patrick Harverson

The bond market looks as if it may be in for something it has not experienced for a long time: a quiet week.

Last week, the market first agonised over whether the Federal Reserve would put up interest rates, then celebrated when the central bank did just that. By the week's end, the yield on the long bond had dropped from 7.5 per cent to below 7.3 per cent, and the mood of the market was upbeat. There was even talk that the 30-year yield might dip below 7 per cent within a few weeks if recent increases in interest rates begin to take their toll on the pace of economic activity.

In contrast, this week should allow traders' and investors' nerves to settle. There is little in the way of important economic news due to be released until Wednesday, when the April durable goods report is scheduled for publication. Brokerage house Donaldson, Lufkin & Jenrette forecasts that durable goods



rose 1 per cent last month, which looks strong but is unlikely to overly worry the market because the data is notoriously unreliable.

The only other release of note will be Friday's update of the first-quarter gross domestic product estimate. GDP was originally estimated to have grown by 2.6 per cent but a downward revision in the number is expected. DLJ predicts revised GDP growth of 2 per cent.

LONDON — Philip Coggan

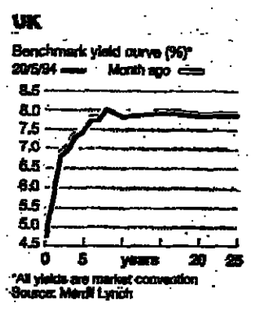
Gilts have rallied over the past couple of weeks, helped by a general upturn in the international bond market, and there is little on the horizon this week to suggest a setback is in the offing.

The central event of the week will be the convertible auction on Wednesday (see article below). According to Mr Ian Shepherdson of HSBC Greenwell, the issue is likely to have some appeal to domestic investors.

There are few important economic statistics due, although the Confederation of British Industry's survey, published on Friday, may give further indications of the impact of April's tax increases on the recovery.

Last week's figures provided some contradictory evidence on inflation, with the rise in average earnings outweighing the good news of a fall in the annual rate of underlying inflation.

The market sees the earnings figures as an



indicator of future inflationary problems, while the retail prices index merely reflects the past.

With little on the domestic agenda to affect the market, the main danger may come from the US first-quarter gross domestic product figures on Friday.

Too strong a GDP number would inevitably upset the Treasury bond market, with the normal knock-on effect on gilts.

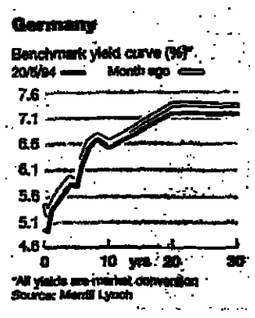
FRANKFURT — David Waller

Investors are likely to return from today's public holiday to be confronted with the figures for German M3 money supply growth in April. Due early this week, the data could unsettle the market.

Expectations had been that the annualised, seasonally adjusted rate of growth would sink to 13 per cent in April after 15.4 per cent in the previous month.

But an article in last Friday's Frankfurter Allgemeine newspaper suggested that the figure may prove to be above the March outcome.

If this proves to be the case, the Bundesbank's chances of hitting its 4 to 6 per cent target for monetary growth for the year as a whole will recede still further. And the Bundesbank's new policy – introduced this month with the half percentage point cut in the discount and Lombard rates – of using interest rate cuts to reduce M3 growth will look more of a gamble than



ever, although of course these cuts were too late to influence the April data.

If the M3 data dampens investors' enthusiasm for bunds, this may be revived by a good inflation figure for May.

Due to be announced at the end of the week, the figure could be down to an annual rate of below 3 per cent at last. Coupled with a strong D-Mark, this could revive hopes of further rate cuts.

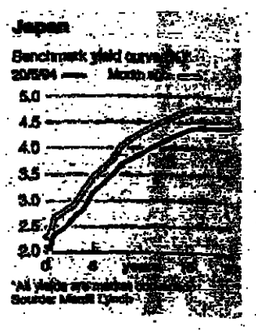
TOKYO — Emiko Terazono

Japanese government bond yields, which fell 13 basis points last week, are likely to decline further this week due to the Bank of Japan's continued easy stance on short-term money market rates.

The central bank still remains cautious on the economy and the negative effects of a higher yen on corporate profits. The bank said last week that economic conditions had stopped deteriorating but there was no evidence yet of a recovery.

Such concerns are expected to be confirmed this week, with industrial production figures indicating a fall in output in April, and pointing to a decline in the second quarter. Retail sales figures for April and March household spending are expected to confirm that consumer confidence remains weak.

James Capel in Tokyo forecasts a 2.5 per cent decline in industrial production for the first quarter of the current



calendar year and a 1.5 per cent fall for the April to June quarter.

Although such negative sentiment towards the economy has recently been factored into bond prices, further evidence of a delayed recovery is likely to support confidence among bond market participants.

Meanwhile the consumer price index to be released Friday should reflect subdued inflationary pressures.

Capital & Credit / **Graham Bowley**

Revived convertible gilt faces the acid test

On Wednesday, the Bank of England will auction a new convertible government bond, the first since 1987. The revival of this special breed of gilt has proved to be controversial. Welcomed by some, it has had a frosty reception from others, who are frustrated by what they see as the government's persistent refusal to turn to conventional long-dated gilts for its funding needs.

A convertible gilt is a short-dated bond which can be exchanged for a specified long-dated gilt at a fixed price some time in the future. The conversion dates occur at six-monthly intervals and the terms worsen slightly at each date.

The convertible gilts auctioned by the Bank of England on Wednesday, worth a total of £2bn, will have a coupon of 7.0 per cent, coming to maturity in August 1997. Investors will be able to convert it into 9.0 per cent 2012 bonds, for the first time on August 6.

The attraction of such an investment vehicle for lenders is that it allows them to participate in more than one area of the gilt market. It therefore provides a useful hedge when yields, particularly at the long end, are volatile.

If, for example, yields fall, then investors may exercise their option of converting to the longer bond and so benefit from the rising market; if on the other hand yields rise, they will be protected by only being exposed to the fall in value of the short-dated bond.

This special property of the new gilt may be particularly attractive to investors now, given the recent financial market turbulence. Institutions may be worried about committing themselves to long gilts but are also afraid of missing out if bond markets do recover sharply once the threat of further rises in US interest rates has receded.

The appeal for the borrower, in this case the government, is that it does not have to commit itself to the high yields currently being seen on long-dated gilts. Issuing a bond at such yields would cost the government more in terms of interest payments than a short-dated gilt.

Bond markets have been extremely volatile since February, when the US Federal Reserve raised short-term interest rates in a pre-emptive strike on inflation. Investors took fright, sensing a turning point in world rates, and bond prices plummeted. The UK market has been one of the worst affected: gilts yields have climbed 1½ percentage points since February.

But the Bank of England believes the bond market reaction has been exaggerated. It is much more optimistic about inflation and prefers to wait until long-term yields come down before issuing long-dated gilts.

Some investors, however, doubt whether funding at the short-end still has many advantages over selling long-dated bonds and they think such a policy may in fact be damaging to the government's funding programme.

"The Bank's policy is distorting the yield curve," according to Mr Michael Saunders, UK economist at American bank Salomon Brothers.

Analysts complain that yields on short-dated gilts have been pushed up so much and the yield curve has flattened to such an extent under the sheer weight of the Bank's own funding that it is no longer making any clear cost savings by issuing short-dated rather than long-dated bonds.

They also say that the Bank's policy adds to the uncertainty that an investor faces, which acts as a deterrent at the margin.

"Investors already have to predict inflation and interest rates. If on top of that they have to guess funding policy as well, they may just go and buy French bonds," said Mr Saunders.

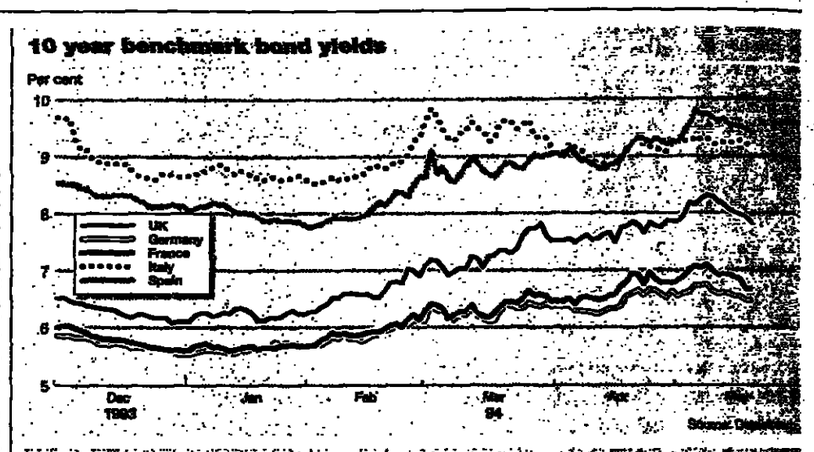
Last year banks, building societies and overseas investors were keen to buy short-dated gilts. But this year many of them have turned to fixed-rate mortgages, which in terms of exposure to long-term interest rates are similar to a short-dated bond. Yet despite the decline in demand, the Bank has persisted with its tactic of funding at the short end. Gilts, analysts say, are falling into a vacuum.

But officials say this type of funding suits the government's borrowing needs; issuing longer-dated bonds would simply commit the government to paying higher yields and would be too expensive. They say, and some City analysts agree, that there will be more than enough demand for the new convertible bond, particularly among domestic banks, building societies and domestic fund management institutions.

But the new convertible issue may be a sign that the Bank of England is beginning to find it difficult to attract demand for short-dated gilts.

Perhaps the biggest problem the new issue will face is the difficulty investors may have in deciding on a price. When details of the auction were announced last week, they were greeted with stunned silence as analysts tried to make sense of it. "There is no other stock like it in the market," analysts complained.

Whether the new gilt will find favour with the market will become apparent on Wednesday, although the debate it has provoked may not end there.



INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	3.50	1.75	4.50	6.75	7.00	[illegible]
Overnight	4.06	2.09	5.19	[illegible]	[illegible]	[illegible]
Three month	4.24	2.08	5.02	[illegible]	[illegible]	[illegible]
One year	5.11	2.34	4.38	[illegible]	7.85	[illegible]
Five year	6.58	3.11	5.92	[illegible]	9.08	8.77
Ten year	7.02	3.72	6.69	[illegible]	9.28	[illegible]

(5 France-Fibor rate, 6 US Treasury yield, Source Reuters)

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	105-27	105-00	-0-28	106-00	104-21	434,127	374,[illegible]
Sep	104-30	104-03	-0-27	105-00	103-25	2,[illegible]	85,[illegible]
Dec	104-11	103-15	-0-27	104-14	103-00	1,[illegible]	34,[illegible]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Pool purchase price £/MWh (Tuesday 23.05.94)	Provisional Pool selling price £/MWh (Tuesday 23.05.94)	Final Pool purchase price £/MWh (Wednesday 24.05.94)	Final Pool selling price £/MWh (Wednesday 24.05.94)
0030	10.08	10.85	10.85	10.85
0100	10.85	10.90	10.90	10.90
0130	10.85	10.95	10.95	10.95
0200	10.70	11.45	13.88	11.08
0230	10.70	11.75	14.18	11.07
0300	10.70	11.75	14.18	11.07
0330	10.65	11.72	14.15	11.05
0400	10.65	11.05	11.05	10.95
0430	10.65	10.95	10.95	10.85
0500	10.08	10.85	10.85	10.80
0530	10.08	11.00	11.00	10.85
0600	13.10	11.00	11.00	10.90
0630	11.73	11.20	11.20	10.90
0700	11.00	11.59	14.02	10.90
0730	22.94	32.31	34.75	10.90
0800	24.70	30.88	33.49	10.98
0830	26.70	24.86	27.21	12.16
0900	26.77	31.41	34.02	12.16
0930	26.64	31.52	34.16	16.47
1000	26.86	33.13	35.90	18.47
1030	26.87	31.63	34.30	21.88
1100	26.85	33.17	35.84	25.39
1130	26.87	33.22	35.90	28.78
1200	26.86	33.27	35.97	32.21
1230	25.06	33.07	35.71	32.21
1300	24.98	31.27	33.85	32.21
1330	24.94	32.43	34.98	21.86
1400	24.92	24.36	26.81	19.03
1430	23.79	23.89	26.44	18.99
1500	23.79	24.00	26.45	15.43
1530	23.79	24.00	26.45	11.29
1600	23.79	24.03	26.49	11.10
1630	24.92	26.30	28.78	11.10
1700	24.93	29.86	32.14	16.47
1730	24.92	29.82	32.08	18.99
1800	23.40	29.21	28.66	18.99
1830	23.29	23.17	25.81	18.99
1900	23.09	23.17	25.80	18.99
1930	23.09	22.28	24.89	18.99
2000	21.14	20.42	22.85	18.99
2030	16.57	19.83	22.36	16.43
2100	17.24	41.01	43.44	11.29
2130	28.55	41.01	43.44	31.21
2200	28.91	41.01	43.44	31.21
2230	28.91	17.80	20.03	31.21
2300	22.88	13.37	15.80	24.27
2330	16.87	11.20	11.20	16.47
2400	15.19	11.16	11.15	11.30

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £10.00/MWh becomes 1.000p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major adjustment) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0932-568788 between 8.30am and 5.15pm Monday to Friday.

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Pool purchase price £/MWh (Tuesday 23.05.94)	Provisional Pool selling price £/MWh (Tuesday 23.05.94)	Final Pool purchase price £/MWh (Wednesday 24.05.94)	Final Pool selling price £/MWh (Wednesday 24.05.94)
0030	11.29	10.80	10.80	10.80
0100	10.85	10.90	10.90	10.90
0130	10.99	10.95	10.95	10.95
0200	11.82	11.08	11.08	11.08
0230	11.82	11.07	11.07	11.07
0300	11.29	11.07	11.07	11.07
0330	10.70	11.05	11.05	11.05
0400	10.65	10.95	10.95	10.95
0430	10.55	10.85	10.85	10.85
0500	10.05	10.80	10.80	10.80
0530	10.05	10.85	10.85	10.85
0600	10.05	10.90	10.90	10.90
0630	10.65	10.76	14.07	10.90
0700	10.65	10.90	10.90	10.90
0730	10.65	10.90	10.90	10.90
0800	10.99	10.76	14.07	10.90
0830	12.16	11.05	14.35	11.05
0900	12.16	11.05	14.35	11.05
0930	16.47	11.72	16.01	11.05
1000	18.47	11.75	16.04	11.05
1030	21.88	11.75	15.04	11.05
1100	25.39	12.43	15.73	11.05
1130	28.78	15.56	15.67	11.05
1200	32.21	24.80	28.20	11.05
1230	32.21	24.90	28.20	11.05
1300	32.21	24.90	28.20	11.05
1330	21.86	16.22	19.51	11.05
1400	19.03	11.79	15.04	11.05
1430	18.99	11.45	14.74	11.05
1500	15.43	11.00	11.00	11.05
1530	11.29	10.85	10.85	11.05
1600	11.10	10.85	10.85	11.05
1630	11.10	10.85	10.85	11.05
1700	16.47	10.95	10.95	11.05
1730	18.99	11.05	11.05	11.05
1800	18.99	11.05	11.05	11.05
1830	18.99	11.00	11.00	11.05
1900	18.99	11.45	14.74	11.05
1930	18.99	11.45	14.74	11.05
2000	18.99	11.45	14.74	11.05
2030	16.43	11.75	15.04	11.05
2100	18.99	29.41	32.70	11.05
2130	31.21	29.50	32.80	11.05
2200	31.21	29.50	32.80	11.05
2230	31.21	12.43	15.73	11.05
2300	24.27	11.75	15.04	11.05
2330	16.47	11.05	11.05	11.05
2400	11.30	10.85	10.85	10.85

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £10.00/MWh becomes 1.000p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major adjustment) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0932-568788 between 8.30am and 5.15pm Monday to Friday.

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International / **Conner Middelmann**

Political uncertainty plagues Spain

A spate of corruption scandals which cost several Spanish government officials their jobs and sparked fears of early elections recently sent Spanish government bonds plummeting, and while the bond market is expected to stage a cautious recovery in coming months, it is likely to remain plagued by continuing political uncertainty.

At the height of political turmoil, the yield on the Spanish 10-year benchmark bond shot up to 9.8 per cent, its spread over Germany widening to around 310 basis points. And although prices stabilised last week, with the yield gap narrowing back to around 290 basis points, many analysts argue that, in the light of the country's positive economic fundamentals, further gains are likely.

Moreover, some of them say that Italian bonds, which rallied sharply after Mr Silvio Berlusconi's victory in the recent elections, are now overvalued in relation to Spain.

"The optimism in Italy has gone too far, just as the pessimism in Spain has been overdone," says Ms Phyllis Reed, European bond strategist at Barclays de Zoete Wedd. Since Italy's elections, "the political risk has shifted from Italy to Spain, but some of it has got to shift back to Italy".

Italy has an entirely new political system which has yet to be tested, she says. "There is still a lot of disagreement within the right wing coalition and we would not rule out another general election within the next year," she cautions. While Spanish politics are a mess, "the most we are talking about is an early general election, not the overhaul of the entire system", she adds.

However, it is precisely the uncertainty of a possible early election that could cast a dark shadow over Spain's bond market, warns Mr Giorgio Radaelli, senior economist at Lehman Brothers. Mr Felipe Gonzales' government so far has survived the scandals, with the aid of its 17 Catalan coalition partners. Their support would crumble if new revelations arose that could cause cabinet embarrassment and ministerial resignations, he says.

"Obviously, no one knows when and if that will be the case, but this very uncertainty argues for investor caution until the government is seen to be firmly back in the driving seat." June 12 will be crunch-time for the Spanish government, featuring regional elections in Andalucia – traditionally a stronghold of Mr Gonzales' socialist PSOE party – and European Parliament elections. While the PSOE is expected to win a majority in Andalucia, "a slim victory could be seen as a setback", says Mr José Luis Alzola,

southern Europe economist at Salomon Brothers. Also, recent opinion polls have indicated a PSOE defeat in the European elections. All this could increase the risk of early general elections later this year, even though the current term expires only in 1997.

However, early elections could bolster market sentiment if the conservative Popular Party (PP) won. A PP-led government would likely emphasise spending restraint and privatisations, as well as fostering greater labour market flexibility and liberalising key services sectors, Mr Alzola says.

Politics aside, Spain's fundamentals of slowing inflation, continued fiscal consolidation and structural reforms warrant further gains in the bond market, many say.

For the first four months of the year, the government's cumulative deficit was Pta599bn – about 20 per cent below the figure for the same period last year – boosted largely by a jump in tax revenues.

Meanwhile, inflation is at its lowest level in years. The core rate fell to 4.6 per cent in April from 4.9 per cent in March, and is expected to slow to around 4 per cent by year-end. Last week's approval of the government's labour market reforms will ease wage pressures permanently, further reducing long-term inflation expectations, Mr Alzola says.

Political problems notwithstanding, fundamentals are expected to lend the market longer-term support, and both Mr Alzola and Ms Reed at BZW expect the 10-year Bono spread over bunds to narrow towards 200 basis points by year-end.

Mr Radaelli, however, says long-term exposure to Spanish bonds should be avoided as long as political uncertainty prevails, warning that any more scandals could send the spread over bunds widening back beyond 300 basis points and the peseta tumbling.

● The Kingdom of Spain on Friday issued FFr6bn of 6¾ per cent seven-year eurobonds, priced to yield 24 basis points over the corresponding French government bond. Lead manager was Crédit Lyonnais.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
Chile Main Comsat Corp.(e)§	65	May.2002	4.00	100	-	-	Jardine Fleming
SBC Finance (Cayman Islands)	250	Jun.1997	6.50	99.70R	6.613	-	Swiss Bank Corp
GECC	250	Jun.1997	6.50	99.70R	6.614	-	Goldman Sachs
UMEF§§	160	Jun.2004	1.25	100.00	-	-	BZW
Aguila Secs.series M2*‡;	100	Aug.1994	(g)	(g)	-	-	Samuel Montagu
Grand Met. Inv. Corp.	400	Jun.1999	7.0	98.744R	7.308	+53 (W.L5y)	Gold.Sachs/M.Stan
JPMIB	300	Jun.2004	7.5	99.85R	7.522	+33 (7¼%-04)	BJ International
GEC Capital Corp.(m)	250	Jun.1999	6.875	99.48R	6.999	+23 (W.L5y)	Lehman Bros.(HK)
Banco Mercantil Argentino	50	Jun.1997	10.5(j)	98.08R	11.27	+510(W.L2y)	BZW/Prud./M.Mer.Bk
Fuji Int. Finance(p)‡	70	May.2004	(p)	102.0	-	-	Fuji Int. Finance
Mitsubishi Finance Int.(q)‡	77	May.2004	(q)	100.925	-	-	Mitsubishi Finance Int.
D-MARKS							
Genossenschaftliche G.Bk.†	300	Jun.1999	(s)	100.00	-	-	DG Bank
BLRA‡	200	Jun.1999	(s)	100.00	-	-	Trinkaus & Burkhardt
Bank Austria(s)‡	250	Jun.2001	3.75	100.50	-	-	Morgan Stanley Gmbh
YEN							
AB Svensk Exportkredit	35bn	Jun.1997	3.125	99.98R	3.132	-	LTCB Int./M.Lynch
Swedish Export Credit	10bn	May.1997	(t)	100.00	-	-	Morgan Stanley
Treasury Corp. of Victoria	35bn	Sep.1999	3.05	100.00R	2.999	-	Nomura Int./Mitsui Tg.
Milleid & Co	10bn	Aug.1999	4.0	101.675	3.337	-	Sumitomo Finance Int.
Kingdom of Sweden	80bn	Sep.1999	2nd	83.65R	-	-	Daiwa Europe
Landesbank Rheinland-Pfalz	15bn	Jun.1997	3.1	100R	3.100	-	BJ International
De Nederlandse Invest. Bank	20bn	Jun.2002	4.0	100.20R	3.970	-	Nikko Europe
Westd.B Finance Curacao	20bn	Jun.2002	4.0	100.175R	3.971	-	Sanwa International
STERLING							
Credit Local de France	150	Jun.2004	8.375	99.82R	8.402	+37 (6¾%-04)	Paribas C.Mids.S.M.
FRENCH FRANCS							
Republic of Finland	6bn	Jun.2004	7.00	98.60RR	7.200	+32 (5½%-04)	Banque Paribas
Eurofima	1bn	Jun.2004	6.75	99.36R	6.940	+16 (5½-04)	CCF
Kingdom of Spain	6bn	Jun.2001	6.50	98.69R	6.741	+24 (8½%-01)	Credit Lyonnais

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
GUILDERS							
SNS Group	250	Jun.2001	6.50	98.80R	6.720	-	SNS Bank
ECUS							
Credit Local De France(e)	65	Sep.1999	6.00	98.23	6.480	-5 (7¼%-99)	Swiss Bank Corp
GECCB	100	Apr.1999	6.125	97.90R	6.640	-	CCF
ITALIAN LIRE							
Eurofima(c)	300bn	Jun.2004	9.25	101.125R	9.074	-	BNL/San Paolo di Tor.
European Investment Bk(g)	200bn	Jun.2004	9.125	101.325	8.941	-	Banca di Roma
Bank Austria(h)	150bn	Jun.2004	9.125	101.00	8.959	-	BCI
Barclays Bank(u)	150bn	Jun.2004	9.2	101.05	-	-	Banca di Roma
PESETAS							
Swedish Export Credit(f)	10bn	Jun.1999	9.00	100.00	9.00	-	Banco Central Hispano
AUSTRIAN SCHILLINGS							
Hungarian National Bank	1bn	Jun.2001	9.00	98.75R	9.703	-	Creditanstalt-Bank.
SWISS FRANCS							
European Investment Bank	200	Jun.2001	4.75	101.675	4.433	-	Merrill Lynch
DSL Finance	100	Jul.2004	5.00	102.00	4.746	-	Credit Suisse
Abbey Nat.Treasury Services*	100	Dec.1997	4.375	100.75	4.134	-	UBS (Zurich)
Gov.Asset-Backed Sec.‡	200	Sep.1998	(k)	100.50	-	-	UBS (Zurich)
SBC Finance Cayman Islands	150	Jul.2000	5	102.125	4.587	-	SBC
European Sovereign Inv.*	110	Jan.1995	4.25	100.875	3.658	-	Credit Suisse

Final terms and non-callable unless stated. The yield spread over relevant government bond at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. #With equity warrants. *Subordinated or private placement. §Semi-annual coupon and yield. R: fixed re-offer price. a) Cz. price: NT$45,000. FC: NT$38,500. b) Callable after 3 yrs subject to 140% b) 2.7% until 31.5.95, then 3.35% thereafter. Callable on 31.5.95 at par. c) Callable at par on 15.6.2001,2002,2003. d) 6-mth Fibo plus 0.05%. e) Puttable with Eec20bn bonds. +20% accrued interest. f) 6-mth Libor - 0.05%. g) Launched 11.5.94. Increased to Lire500bn. h) Issuer option to transform or convert to FRN's from 21/6/99 and annually thereafter paying 6-mth Libor + 0.10% i) Cz. price: NT$40.0. FC: NT$36.055. j) Puttable with Ecu10bn bonds 40 days after payment k) 3-mth Libor + 1.25%. l) Full name of borrower: Japan Finance Corp. for Municipal Enterprises. m) Dragon Bond. n) Issuer has option to exchange to 5-mth Libor + 0.40% on 23.6.98. o) 3-mth Swiss Franc Libor + 12.5%. p) Callable on 27.5.97 at par. 5-mth Libor + 0.05% for 1st 3 years then fixed 9.25% thereafter. q) Fixed coupon until 31.5.99 then 6-mth Libor + 0.80%. Short first coupon. Callable on 31.5.99 at par. r) Callable on 20.6.96 at par. s) Cz. price: Sch1,000. Cz. period 27.5.94-7.6.99. Note: Yields are calculated on ISMA basis.

EQUITY MARKETS: This Week

NEW YORK

Frank McGurty

Bold strike on interest rates well received

Wall Street is looking forward to a week of quiet reflection, a welcome break from three months of anxious anticipation about rising interest rates.

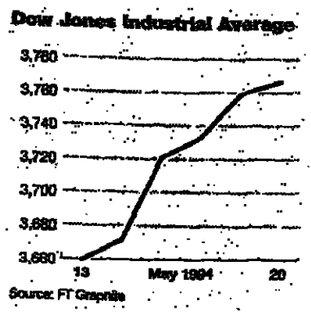
It is ironic, perhaps, but equity investors, inherently concerned about tighter money, found reassurance in the Federal Reserve's aggressiveness last week. On Tuesday, the central bank decided to increase two key short-term rates by 50 basis points each.

Gradualism, it seems, was not to the liking of a market which hates surprises. Instead of fostering a measure of predictability, the central bank's three previous increases in its Fed Funds target – at 25 basis points each – served to heighten concern about when the next move was coming.

Last week's bold strike – accompanied by a statement suggesting the Fed had achieved its goal of moving to a policy which would neither encourage nor discourage growth – gives stocks some breathing room. Most analysts expect share prices to hold fairly steady in the next few trading sessions, as the market digests a net gain of 107 points in the Dow industrials on the week.

"The market is going to move sideways – without much direction – while waiting to assess the situation," says Peter Cardillo, head of research at Westfalia Investments in New York.

How stocks will perform after their pause is more controversial, however. Mr Cardillo sees the market waiting until next week's employment data before staging any push upward. But it is likely that the evidence will continue to point to low inflation, he says, supporting bond prices and



"setting the stage for a strong summer rally that will take stocks to new highs".

While William Raftery, technical analyst at Smith Barney Shearson in New York, agrees that share prices will finish this week with little change, he is decidedly more bearish about the intermediate outlook. "Last week was a brief rally. Just as in a bull market there are pull-backs, in bear markets there are corrective cycles," he says. "They look nice for a week, but then they trip you up." Citing underlying technical conditions and historical trends, he argues that the Dow Jones Industrial Average is heading below the 3,400 level by late summer.

Mr Gregory Nie at Kemper Securities in Chicago, takes a more positive view but remains circumspect about a sustained upturn. Although the strong suggestion by the Fed that it had reached a neutral policy has coaxed many investors out of their foxholes, Mr Nie says there is still some danger of further rate rises in the near term. The continuing rise in commodity prices and the persistent weakness of the dollar could force yet another move to tighter money, despite expectations to the contrary.

He discounts the chances of stocks breaking out of their trading range on technical grounds. He says the market has moved into an "overbought" condition and cash reserves remain low.

LONDON

Terry Byland

Analysts still wary of Fed 'neutrality'

The response from UK stock market analysts to the Federal Reserve's eagerly anticipated rate rises sounded somewhat muted by the end of the week, particularly when contrasted with the applause which preceded the move.

Confident predictions that the Fed had set the stage for a rally in global bond markets which would set London stocks free to celebrate economic recovery are now carrying the health warning: "dollar permitting".

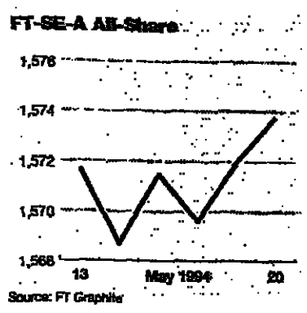
Mr Nicholas Knight of Nomura Research, who is still the most bearish of the UK analysts, has told clients bluntly that the US bond rally would not hold and that the dollar's failure was beginning "to look terminal"; this scenario implies sharply higher US rates, he warns.

London markets have shown themselves more readily influenced than continental European markets by developments in the US, and Mr Knight remains pessimistic about interest rate trends in the UK "and the impact of rising rates on equity prices".

Nikko Securities rejects the assumption that the Fed's statement implies that it has "achieved neutrality", and believes the Fed remains willing to raise rates further if need be.

The chances of the Footsie climbing convincingly away from 3,150 this week will depend on the progress of the bond markets, and of course, the dollar. But since the Fed is unlikely to move again so soon after last week's broadside, share prices can still respond to good news.

The broader market remains weak, however. The FT-SE Mid 250 Index has fallen almost 2 per cent this month, contrasting with an



admittedly unimpressive 0.3 per cent gain in the FT-SE 100 Index.

Nervousness ahead of the German money supply figures may prove a distraction for the UK market. There are plenty of healthy company results in the pipeline, with building industry groups likely to show the beneficial effects of the slide in UK interest rates over the past 12 months.

The oil share sector continues to have a significant impact on market trends, if only because of the international stance of the blue chip stocks and the background of global crude oil prices.

Indeed, oil prices are probably the most significant factor in the Enterprise/Lasmo bid situation. But excellent first-quarter results from BP and some US majors should not overshadow the impact of the 24 per cent rise in oil prices since the end of March.

The NatWest Securities oil team believes the market may now have seen the largest part of the oil price recovery and while some further increase is likely, emphasis may now shift to such other factors as the squeeze on downstream margins.

NatWest says that BP, notwithstanding its recent outperformance of around 22 per cent to the market, remains 15 to 20 per cent below its relative standing to Shell in the late 1980s. The unexpected increased BP dividend will emphasise the pressure to switch from Shell into BP.

OTHER MARKETS

ZURICH

Holderbank holds its press conference and analysts' meeting on Wednesday at which a breakdown of 1993 results, and projections for 1994 will be given. A raft of annual meetings is scheduled for the week, beginning with Oerlikon-Bührle tomorrow, with Ascom, Nestlé and Rieter on Thursday and Forbo on Friday. A CS Holding roadshow will be in Edinburgh on Wednesday and in Frankfurt on Friday. The Swiss bank has expressed an interest in buying a 20 to 30 per cent stake in Austria's Creditanstalt-Bankverein with an option to take control later.

FRANKFURT

Among a range of economic data due this week are April M3, which Nomura forecasts to rise by an annualised 13.5 per cent, and preliminary cost of living figures. The Bundesbank meets on Thursday but no move on rates is expected after the half-point cuts in the discount and Lombard rates last time. James Capel does, however, expect another reduction before the bank's summer recess, which begins after the July 21 meeting. Full-year figures come from Kaufhof, the retailer, and Viag on Wednesday. In March, Viag paid DM2.3bn in cash, plus a minority blocking stake of 25.1 per cent in the enlarged Viag group, to take full control of Bayernwerk, Bavaria's state-owned electricity utility, in a deal described as Germany's biggest privatisation to date.

AMSTERDAM

Nedlloyd publishes 1994 first-quarter figures on Thursday. Hoare Govett says that the operating results before extraordinary items are known to show a loss of Fl 57m for shipping, profits of Fl 9m for European transport and Fl 8m for other activities. Over the year, the broker expects a strong improvement from the shipping side while the transport and other activities could be down. Overall, operating profit and net profit should be up substantially and Hoare Govett is forecasting earnings per share of Fl 5.35 for the current year and Fl 8.90 for 1995.

TOKYO

Investors are continuing to focus on the currency market after confidence improved last week, as domestic institutions gradually moved back into the equity market. However, many investors are still wary over selling with the Nikkei index standing between 20,500 and 21,000, and the upside is expected to be limited.

RISK AND REWARD

Globex highlights race for lucrative after-hours trade

The latest episode in the Globex saga has highlighted the strong belief among the world's leading futures exchanges that there is demand for, and money to be made in, after-hours trading.

The million-dollar question is whether Globex will be able to secure a significant slice of this potentially lucrative market or find itself squeezed out by more nimble competitors.

Although Globex was dealt a humiliating blow last week by Liffe, London's financial futures and options exchange, when it decided against joining the system because of the restrictive terms which Globex had laid down, its future brightened considerably a few days later when DTB, Frankfurt's financial futures and options exchange, said it intended to join the system.

DTB is the third exchange to join Globex, the electronic futures trading system developed and operated by Reuters, the financial information and news group, along with the Chicago Mercantile Exchange and Matif, the French futures exchange. "The future of Globex has cleared up a lot," says a spokeswoman at Matif. "There was no clear commitment before, but now there is."

Now that the uncertainty hanging over the system has been dispelled and its configuration has been clarified, one would expect Globex to speed up DTB's entry into the system. But DTB still needs to sign a contractual agreement with Globex, which could take weeks, and then it could take up to a year for its products to be listed on the system.

This lack of urgency on Globex's part could play directly into the hands of other exchanges which are considering alternative after-hours electronic trading systems.

The Chicago Board of Trade (CBoT), which pulled out of Globex last month, expects its "Project A" electronic trading system to start in August. Mr Patrick Arbor, CBoT chairman, says the initial aim of Project A is to operate in the afternoon after the exchange's morning open-outcry session has ended and before the evening session starts. The system is scheduled to start operating through the night by the autumn.

CBoT also has an agreement in principle with Bloomberg Financial Services which would give users with Bloomberg terminals access to its products. Since this is a non-exclusive pact, CBoT is free to find other potential distributors of its products.

There are also indications that CBoT and Liffe, which already have a close relationship and similar business strategies, are exploring ways to work together. The chairmen of the two exchanges are due to meet later this week.

Mr Daniel Hodson, Liffe chief executive, does not rule out linkages of some kind between the two exchanges, such as fungible links between identical contracts. "All these exciting projects would have been off-limits had we joined Globex," says Mr Hodson.

Mr Nick Durlacher, Liffe chairman, said last week that Liffe's after-pit trading could easily be extended by two hours, thus taking it to the end of the Chicago morning trading session of 2pm Chicago time. Liffe may also extend its network overseas, following the successful installation of its screens in New York.

Mr Hodson says that while these steps would not pose a problem on the technological front, they could be held up by considerations such as market supervision and the impact on the London Clearing House. "But these hurdles are not insuperable," he says.

But the Matif spokeswoman says that the links established between three of the world's most important exchanges and their combined political will should ensure a successful future for Globex.

Antonia Sharpe

INDICES AT A GLANCE

	Closing price	Percentage Change: Over week	On 12 months	Since Jan 1	12 month: High		Low		1994: High		Low	
FT-SE 100	3,127.30	+0.3	+11.0	-6.5	3,520.30	2/2/94	2,812.20	21/5/93	3,520.30	2/2/94	3,070.50	4/5/94
Dow Jones Ind.	3,766.35	+2.9	+6.9	+0.3	3,978.36	31/1/94	3,449.93	6/7/93	3,978.36	31/1/94	3,593.35	4/4/94
Nikkei	20,342.17	+0.4	+8.1	+16.8	21,148.11	13/5/93	16,078.71	29/11/93	20,677.77	16/3/94	17,369.74	4/1/94
Dax	2,249.65	-0.4	+39.1	-0.8	2,271.11	16/5/94	1,503.04	24/5/93	2,271.11	16/5/94	2,020.36	2/3/94
CAC 40	2,155.43	-0.4	+17.4	-5.2	2,355.93	2/2/94	1,836.78	20/5/93	2,355.93	2/2/94	2,081.94	31/3/94
Banca Com. Ital.	776.45	-4.0	+38.9	+25.3	817.17	10/5/94	508.01	16/6/93	817.17	10/5/94	588.85	10/1/94

Source: FT Graphite

WORLD STOCK MARKETS

EUROPE

AUSTRIA (May 20 / Sch)

	+/-	High	Low	Yld	P/E
AustrAir	-90	2,200	1,750	2.6	—
BkAustr	+10	1,270	995	0.8	—
CreditP	+4	634	498	1.4	—
EA Gen	-70	4,290	3,545	—	—
EVN	+8	1,713	1,208	1.4	—
Lenzing	-10	1,387	1,090	1.2	—
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BELGIUM/LUXEMBOURG (May 20 / Frs.)

	+/-	High	Low	Yld	P/E
AG Grp	2,760	—	3,085	2,550	2.8
Ackermans	4,185	-15	4,250	3,705	1.7
Alcatel	8,170	—	8,690	7,600	3.0
Arbed	5,130	-70	5,300	4,000	—
Bbl	4,325	-5	4,570	4,130	4.5
BkIntLx	17,400	+30	19,490	17,150	2.6
BkLux	27,400	+400	28,900	22,245	2.3
Bnp(Nl)	41,025	—	42,975	40,625	8.4
Bekrt	27,925	+25	28,500	20,350	1.4
CBRCim	12,800bd	+100	13,070	11,625	2.6
CMB	2,700	+25	2,700	2,200	3.3
Cobepa	6,000	+40	6,350	5,510	3.9
D'ieteh	197	-1	202	154	6.8
Dohyr	7,570	-90	8,800	6,100	1.3
DrbHdc	1,378	+10	1,500	1,300	2.0
Electrab	8,040bd	+40	8,820	6,000	5.0
EMPAY	6,390bd	—	6,900	6,000	6.2
EtnVC	3,785	+40	3,800	3,210	3.5
GBL	4,555	+5	4,580	3,970	4.3
GBLuty	4,450	—	4,450	3,950	4.2
GB Gp	1,585	-20	1,680	1,430	2.3
Generaal	5,480	+10	5,690	5,000	—
Gevaert	9,990	+40	10,600	8,940	1.7
Glxbel	5,160	-40	5,650	4,120	2.2
Intercbl	3,180bd	—	3,600	3,070	4.8
Kredbnk	6,980	+20	8,200	6,750	1.7
KredLyf	7,250	+230	7,950	6,770	1.6
Mcmnr	6,250	-10	6,380	6,000	—
Moores	1,600	-20	1,630	1,535	5.9
Petrofina	17,250	-200	17,200	16,000	0.1
Pitline	11,175bd	+250	11,300	9,870	2.5
Pwrfin	3,480	-20	3,980	3,025	4.0
Redtnl	922	+20	938	430	—
RyBnkg	5,750	+60	6,200	5,200	0.7
RyBrAV	6,720	+230	5,690	3,000	0.2
SocGenB	2,520bd	+20	2,620	2,341	4.3
SbnAFV	2,400	—	2,630	2,309	4.6
Sofina	15,600	+50	15,600	14,425	4.1
Solvay	1,865	—	1,865	1,482	6.2
Tbacc	18,400	+175	17,350	14,250	4.1
Tractel	10,475	-75	11,200	9,810	4.4
UCB	25,300	—	26,100	22,200	2.3
Unifrin	2,730	+5	2,950	2,440	4.4

DENMARK (May 20 / Kr)

	+/-	High	Low	Yld	P/E
AdP A	575	—	730	565	2.6
Bikuben	225	—	291	215	2.2
CarlA	285	+3	350	275	1.1
Cheden	6,000	—	7,800	5,800	0.6
DS1UA	128,500bd	+1,000	136,000	124,000	0.4
Dnisco	992	+5.05	1,140	920	1.2
DanBank	335	-2	427	325	1.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINLAND (May 20 / Mkk)

	+/-	High	Low	Yld	P/E
Aaser A	139	-1	164	102.50	1.4
Cultor	144	-1	175	130	1.7
EStyrk	92	-2	105	90	—
Enso R	41.10bd	-.40	48.50	35.50	1.5
Huhtl	1	—	233	181	1.4
KDP	12.40	+.10	17.40	10.30	—
Kesko	50.30	+.10	56	45	2.2
Kone B	625	—	705	551	1.6
Kymmen	120	—	132	100	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FRANCE (May 20 / Frs.)

	+/-	High	Low	Yld	P/E
AGF	527	-4	579	492	—
Accor	769	+2	768	595	3.2
AirLiq	622	+11	646	578	2.1
Alcatel	662	-10	913	656	3.1
Axa	1,365	-2	1,640	1,280	2.5
BIC	1,280	-45	1,435	1,254	2.4
BSN	890bd	-2	1,002	830	2.4
BNP	289	-4.50	298.50	240	—
Bncair	598	-1	695	537	2.5
Bongrn	3,230bd	-45	3,750	3,045	2.8
Bouygues	666	-3	767	557	2.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GERMANY (May 20 / Dm.)

	+/-	High	Low	Yld	P/E
AEG	195.70bd	+7.35	199.50	163	0.8
AGIndV	611.50	-18.50	635	544	1.8
AsklRhg	1,180	+5	1,446	1,120	1.2
Allianz	2,585bd	-18	2,611	2,287	0.5
Altana	848bd	-1	870	575	1.9
Adidas	68	-20	1,197	897	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NETHERLANDS (May 20 / Fls.)

	+/-	High	Low	Yld	P/E
ABNAmr	82.80bd	+.30	73.70	60.10	4.8
AEGON	101bd	-.40	110.50	90.80	3.7
Ahold	48.70	-.40	53.40	48.30	—
AKZO N	212.70	-2.30	228	187.80	3.1
AmroBnk	74.80	-.30	85.40	69.80	4.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NORWAY (May 20 / Kroner)

	+/-	High	Low	Yld	P/E
AkerAf	96.50bd	—	112	85.50	—
DnbNkl	38	+3	39	30	—
Elkem	14.20	—	19.90	13.35	—
Dyncln	156	-2	199	125	1.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SPAIN (May 20 / Pts.)

	+/-	High	Low	Yld	P/E
Abn	6,210	+10	6,280	5,200	1.9
Argentr	6,070	+70	6,700	5,400	—
BBV	3,920	+40	3,835	2,980	6.1
BCntl	3,080	-20	3,400	2,650	6.9
BSchr	4,150	-40	4,350	3,070	4.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWEDEN (May 20 / Kroner)

	+/-	High	Low	Yld	P/E
ASA A	353bd	—	495	398	2.5
ASA B	353bd	—	495	398	2.5
Assa A	643	-4	660	540	1.5
Assa B	645	-1	665	538	1.6
AstraA	158	-1	160	127	—
AstraB	154	-1	161	127	—
Atlas A	468	-3	543	400	1.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND (May 20 / Frs.)

	+/-	High	Low	Yld	P/E
AdhrBr	251	+2	292	191	—
AluSuis	652	+14	660	588	1.0
Alusuis	685	+11	698	597	1.4
Bal Rg	2,580	-30	3,085	2,440	1.4
BrbvHr	1,298	+3	1,348	1,015	1.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PACIFIC

JAPAN (May 20 / Yen)

	+/-	High	Low	Yld	P/E
Ajinmo	1,310	+10	1,430	1,200	—
AkzoNr	520	+3	610	488	—
ANYcl	1,090	-10	1,200	981	0.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HONG KONG (May 20 / HK$)

	+/-	High	Low	Yld	P/E
AmoyPr	11.20	+.30	15.60	8.35	3.2
BEAsia	36.75	+1.75	50	28.60	2.0
CitiusP	11.40bd	+.30	15.70	10.40	3.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MALAYSIA (May 20 / MYR)

	+/-	High	Low	Yld	P/E
Boustd	4.14	+.02	5.80	3.90	2.1
Genting	31.50	—	38.50	29	0.6
HLCred	16.80	-.10	17.50	13.40	0.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SINGAPORE (May 20 / S$)

	+/-	High	Low	Yld	P/E
DBS	11.30bd	—	12.70	10.50	1.9
FrsAir	19.10	+.20	19.60	15	0.7
GdPfa	2.88	—	3.48	2.48	3.2
HwPar	3.50	—	3.80	2.90	3.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NORTH AMERICA

CANADA

TORONTO (May 20 / Can $)
4 pm close

Sales		+/-	High	Low
416505	AbitBi	17	17¼	16¾
184102	AgnCrp	16¾	17	16¾
6	AlbtaG	6¾	6¾	6¾
80019	AlbtaE	21½	21¾	21¼
2100	AlbtNG	21¾	21¾	21¾
234665	AlcnN x	31¼	31½	30¾
717086	AlgmaS	24¾	24¾	24
23400	AlcoCl	14½	14½	14
1000	Amrcor	20¼	20¼	20
47344	BCGasA	5	5¼	5
58628	BC Tel	35¾	36¼	35¾
861732	BCE	48¾	49¼	48¾
700	BCE Mtn	36½	36½	36½
15428	BGR A	16¾	16¾	15¾
7184	BestBuy	26	26¼	25¾
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA (May 20 / AustD)

	+/-	High	Low	Yld	P/E
Abbtyl	4.30	-.10	5.85	3.70	0.7
Amcor	9.38	-.08	11.12	8.13	34.7
Ansett	4.43	-.07	5.40	3.90	—
Anzbk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

III TOKYO - MOST ACTIVE STOCKS: Friday, May 20, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	19.5m	366	+13	Kawasaki Heavy	6.3m	421	+6
Kawasaki Steel	15.7m	397	+9	M'bishi Heavy	5.1m	708	+14
Kobe Steel	9.5m	299	+6	Minebea	4.6m	734	—
NKK Corp	8.3m	274	+8	M'bishi Material	3.6m	530	+8
S'tomo Metal	7.4m	295	+7	Yamaha Corp	3.2m	1,400	+40

INDICES

	May 20	May 19	May 18	1994 High	1994 Low
Argentina					
General (29/12/77)	21252.46	21477.20	20968.76	25470.40	16/2 17768.90 20/4
Australia					
All Ordinaries(1/1/80)	2103.9	2093.7	2107.8	2349.60	3/2 1986.10 5/5
All Mining(1/1/80)	1030.3	1030.7	1041.8	1136.10	3/2 904.80 5/5
Austria					
Credit Aktien(30/12/84)	419.27	421.34	420.56	460.66	2/2 413.44 9/5
Traded Index(2/1/91)	1078.89	1081.51	1077.42	1222.28	1/2 1063.98 9/5
Belgium					
BEL20 (1/1/91)	1538.96	1532.38	1539.71	1542.86	9/2 1462.76 30/3
Brazil					
Bovespa (29/12/83)	20317.0	20085.0	17609.0	20317.00	20/5 3800.00 3/1
Canada					
Metals Mining†(1/1/79)	3762.51	3730.33	3721.43	3879.59	18/3 3298.06 20/4
Composite† (1/1/75)	4296.40	4285.70	4278.04	4608.90	23/3 4108.90 20/4
Portfolio55 (4/1/83)	2007.47	2000.61	2003.75	2182.89	1/2 1913.37 19/4
Chile					
IPSA Gen (31/12/60)	4319.8	4299.9†	4240.1	4867.80	4/2 3991.20 4/4
Denmark					
CopenhagenSE(31/1/83)	372.18	371.90	374.64	416.79	2/2 370.74 3/1
Finland					
HEX General(28/12/80)	1881.2	1880.8	1891.7	1972.90	4/2 1891.19 3/1
France					
SBF 250 (31/12/90)	1432.82	1441.00	1448.14	1585.29	2/2 1402.99 21/4
CAC 40(31/12/87)	2155.43	2166.36	2183.99	2389.93	2/2 2081.94 31/3
Germany					
FAZ Aktien(31/1/58)	850.85	853.98	869.27	858.27	18/5 778.23 2/3
Commerzbank(1/12/53)	2424.1	2434.5	2449.7	2485.59	2/5 2221.20 2/3
DAX (30/12/87)‡	2249.86	2247.78	2267.41	2271.11	16/5 2020.33 2/3
Greece					
Athens SE(31/12/80)	912.99	908.47	926.41	1194.58	18/1 908.47 19/5
Hong Kong					
Hang Seng(31/7/64)	9931.83	9934.98	9478.64	12201.09	4/1 8389.44 4/5
India					
BSE Bans.(1979)	3783.6	3808.7	3807.0	4287.90	28/2 3464.00 5/1
Indonesia					
Jakarta Comp.(10/8/82)	487.99	482.74	477.21	612.89	5/1 464.32 29/4
Ireland					
ISEQ Overall(4/1/88)	1818.15	1814.50	1808.54	2082.16	20/1 1792.50 16/5
Italy					
Banca Comm Ital (1972)	776.45	794.50	806.28	817.17	10/5 588.95 10/1
MIB General (4/1/94)	1254.0	1283.0	1301.0	1316.00	10/5 944.00 10/1
Japan					
Nikkei 225 (16/5/49)	20342.17	20221.34	20152.73	20897.77	18/3 17369.74 4/1
Nikkei 300 (1/10/82)	300.37	299.78	299.86	304.23	1/3 286.22 4/1
Topix (4/1/68)	1642.54	1634.40	1634.69	1653.27	16/3 1445.97 4/1
2nd Section (4/1/68)	2324.19	2320.32	2320.85	2330.06	16/5 1873.33 4/1
Malaysia					
KLSE Comp.(4/4/86)	1001.16	1002.98	1010.27	1314.48	5/1 928.33 4/4
Mexico					
IPC (4/1/1978)	(a)	2404.91	2375.18¶	—	2881.17 8/2 1857.33 20/4
Netherland					
CBS TillRnt Gen(End 83)	437.9	439.9	439.7	464.39	31/1 417.48 5/4
CBS All Shr (End 83)	278.3	281.8	281.7	294.80	31/1 268.60 31/3
New Zealand					
Cap. 40 (1/7/86)	2133.45	2124.85	2155.10	2439.84	3/2 2812.82 5/5
Norway					
Oslo SE(ind)(2/1/83)	1141.02	1139.95	1140.04	1211.18	29/2 1072.67 3/1
Philippines					
Manila Comp (2/1/85)	2870.32	2858.49†	2888.35	3308.37	4/1 2307.33 9/3
Portugal					
BTA (1/9/77)	2928.8	2911.7	2903.9	3228.60	18/2 2819.90 3/1
Singapore					
SES All-S'pore(2/4/76)	574.88	576.98	577.10	641.61	4/1 523.29 4/4
South Africa					
JSE Gold (29/9/78)	1908.0¶	1888.0	1773.0	2331.80	4/1 1749.00 14/2
JSE Ind. (29/9/78)	6620.0¶	6558.0	6571.0	6710.00	13/5 5449.00 19/1
South Korea					
KoreaCompEx(4/1/80)**	949.50	951.73	(c)	974.38	2/2 855.37 2/4
Spain					
Madrid SE (30/12/85)	338.20	334.94	336.78	358.31	31/1 308.73 20/4
Sweden					
AllsprwnsGen (1/2/37)	1531.1	1544.7	1543.5	1603.90	31/1 1403.60 31/3
Switzerland					
Swiss Bk Ind (31/12/58)	1290.64	1288.26	1292.13	1423.34	31/1 1290.75 9/5
SBC General (1/4/87)	987.15	984.72	988.95	1093.29	31/1 917.83 9/5
Taiwan					
WeightedPr.(30/6/66)**	5905.79	5944.61	5983.25	6454.92	6/1 5194.63 19/3
Thailand					
Bangkok SET (30/4/75)	1338.19	1334.42	1325.47	1783.73	4/1 1199.59 4/4
Turkey					
Istanbul Cmp.(Jan 1986)	(c)	(c)	16227.5	28883.60	13/1 12980.70 24/3
WORLD					
MS Capital Intl (1/1/70)$	620.6*	619.5	618.1	641.00	1/2 591.58 4/4
CROSS-BORDER					
Euotrack 100(29/10/90)	1455.87	1466.18	1478.09	1540.19	31/1 1385.80 2/3
Euro Top-100 (26/6/90)	1283.83	1287.13	1274.43	1311.81	2/2 1202.49 2/3
JCapiDrpns (31/12/89)	(a)	320.20	322.57	385.19	5/1 289.28 21/3
Barings Emerg.(7/1/92)	155.27	152.18	149.92	162.72	14/2 141.85 21/4

III CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
May	2164.0	2155.0	+49.0	2175.0	2149.0	16,956	22,422
Jun	2149.0	2138.0	-	2157.0	2134.0	1,677	38,786
Jul	2146.5	2136.5	-	2146.5	2146.5	1	1,050

Open interest figures for previous day.

** Sat May 14; Taiwan Weighted Price 6082.02; Korea Comp Ex 942.38. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – at 1,000; JSE Gold – 255.7; JSE 26 Industrials – 284.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ✦ Toronto. (c) Closed. (a) Unavailable. $ ISE/DAX after-hours Index: May 20 - 2236.97 -6.82

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation.
✦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

US INDICES

	May 20	May 19	May 18	1994 High	1994 Low	Since compilation High	Since compilation Low
Dow Jones							
Industrials	3768.35	3758.98	3732.89	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.54	97.85	97.58	105.61 (21/1)	96.43 (13/5)	109.27 (18/10/93)	54.99 (1/10/81)
Transport	1600.98	1618.86	1594.38	1882.29 (2/2)	1546.62 (20/4)	1882.29 (2/2/94)	12.32 (6/7/32)
Utilities	183.89	184.02	184.02	227.66 (9/1)	177.76 (12/5)	286.46 (31/8/83)	10.90 (9/4/32)

DJ Ind. Day's high 3788.76 (3782.92) | Low 3721.84 (3707.72) | (Theoretical)✦
Day's high 3788.19 (3782.86) | Low 3740.87 (3723.98) | (Actual)✦

Standard and Poors	May 20	May 19	May 18	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	454.92	458.48	453.69	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials¶	530.70	531.91	528.14	569.89 (2/2)	510.06 (21/4)	569.89 (2/2/94)	3.62 (21/6/62)
Financial	45.19	45.46	45.34	46.86 (31/1)	41.39 (4/4)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	251.58	252.16	250.73	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	436.20	437.04	434.90	467.89 (2/2)	427.80 (20/4)	467.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	726.70	727.31	721.90	803.93 (18/3)	705.51 (20/4)	803.93 (18/3/94)	54.87 (31/10/72)

III RATIOS

	May 13	May 6	Apr 29	Year ago
Dow Jones Ind. Div. Yield	2.76	2.77	2.76	2.97
	May 18	May 11	May 4	Year ago
S & P Ind. Div. yield	2.48	2.54	2.48	2.52
S & P Ind. P/E ratio	24.06	23.62	23.99	29.25

III STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Jun	456.30	454.80	-1.55	458.45	453.75	70,136	195,476
Sep	457.80	457.15	-1.55	458.20	456.20	3,049	18,733
Dec	460.10	459.85	-1.45	461.00	459.00	202	7,825

Open interest figures are for previous day.

III NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	6,273,500	60¼	+¾
Phlip Morris	5,158,600	53¼	+2½
AT T	3,897,800	55½	—
IBM	3,736,700	82¾	+1
Gen Elec	3,407,200	47½	–¾
Wal-Mart	3,374,600	23½	–⅛
Chrysler	3,335,400	48¾	+1½
Amoco	3,093,100	58¼	+2
Pier One	2,823,700	8½	+⅛
Ford	2,740,000	60	+⅞

III TRADING ACTIVITY

● Volume (million)

	May 20	May 19	May 18
New York SE	235.160	303.850	337.580
Amex	15.045	16.208	8.758
NASDAQ	88.335.751	305.490	
NYSE			
Issues Traded	2,613	2,616	2,628
Rises	1,005	1,297	1,633
Falls	1,138	961	865
Unchanged	468	358	530
New Highs	28	38	38
New Lows	43	40	51

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AUTHORISED UNIT TRUSTS

Bid Chge | Offer Price | Bid Price | Offer Price | Yield Div/ Cvr Life

AIB Unit Trust Managers Limited (1000)F

AXA Equity & Law Unit Tst Mngrs (1200)H

Abbey Unit Tst Mngrs (1000)H

Aberforth Unit Trust Managers Ltd (1000)F

Abtrust Unit Trust Managers Ltd (1200)H

Access Fund Managers Ltd (1200)F

AEGON Unit Trusts (1000)F

Alliance Trust Managers Ltd (1000)F

Allied Dunbar Unit Trts PLC (1000)F

Bank of Ireland Fund Mngrs Ltd (1400)F

Barclays Unicorn Ltd (1000)F

Baillie Gifford & Co Ltd (1400)H

Berkeley Fund Managers Ltd (1200)H

Blackfriars Fredck UT Mngrs Ltd (0800)F

Brown Dolphin Unit Tst Mngrs Ltd (0800)F

B.N.P. Unit Trust Managers Ltd (1200)F

B.S.C.E Unit Trust Mngmt Ltd (1000)H

BZW-Thornhill Unit Trust Mngrs Ltd (1200)F

Capital House Unit Tst Mngrs (1200)F

Cavendish Unit Managers Limited (1700)F

Chieftain Unit Trust Mngmt Ltd (1000)F

Cityvest Unit Trusts Ltd (1400)F

Clerkenwell Asset Mngmt Ltd (1700)F

City Financial Unit Trust Mngrs Ltd (1100)F

City of London Unit Tst Mngrs Ltd (1000)F

Clerical Medical Unit Tst Mngrs Ltd (1200)F

Commercial Union Fin'l Mngt Int'l Ltd (1200)F

Confederation Funds Mngt Ltd (1200)F

Consultant Unit Tst Mngt Co Ltd (1200)F

Henry Cooke Investment Funds Ltd (1400)F

Co-op Pensions Fds UT Mngrs Ltd (1000)F

Credit Suisse Investment Funds (UK) Ltd (1200)F

Cumnor Fund Managers Ltd (1400)F

Dartmouth Unit Tst Mngrs Ltd (0800)F

Discretionary Unit Fund Mngrs (1000)F

Dunbar Unit Tst Mngrs Ltd (1200)F

Eagle Star Unit Managers Ltd (1000)F

Edinburgh Unit Trust Managers Ltd (1400)H

Elect Ltd (1000)F

Equitable Unit Trust Managers Ltd (1000)F

Eurovest Investment Mngrs Ltd (1000)F

Fleming Investment Mngmt Ltd (1400)F

Fidelity Investment Serv Ltd - Contd.

Fleming Private Fund Mngt Ltd (1200)F

Foreign & Colonial Unit Mgt (1000)F

Foster & Braithwaite Fd Mngt Ltd (1100)F

Framlington Unit Mngt Ltd (1200)F

Friends Provident Unit Trusts

GA Unit Trust Managers Ltd (1000)F

GT Unit Managers Ltd (1200)F

Gartmore Fund Managers (1200)F

Gleadhill Unit Tst Mngrs Ltd (0800)F

Global Asset Management (1200)F

Gowett (Aldus) Unit Mngmt Ltd (1000)F

Guardian Unit Tst Mngrs Ltd (1000)F

Guardian Royal Ex Unit Mngrs Ltd (1000)F

Guinness Flight Unit Tst Mngr Ltd (0400)F

Hallifax Standard Tst Mngmt Ltd (0700)F

Hambros Unit Trust Managers Ltd (1000)F

Hargreaves Lansdown Fd Mngrs Ltd (1000)F

Henderson Unit Tst Mngmt Ltd (1200)F

HSBC Unit Trust Management Ltd (1200)F

Ivory & Sime Fund Mngrs (1200)H

Jupiter Merlin Unit Tst Mngrs Ltd (1200)F

Kleinwort Benson Unit Trusts (1400)F

Knight Williams Portfolio Mngrs (1000)F

L & C Unit Tst Mngmt Ltd (0800)F

Lawrence Keen Unit Trust Mngmt (1300)F

Lawrence Unit Tst Mngmt Ltd (1200)H

Lazard Unit Tst Mngrs Ltd (1200)F

Legal & General (U.T. Mngrs) Ltd (1200)F

Lincoln National (1200)F

Lloyds Bk Unit Tst Mngrs Ltd (1000)F

Murray Johnstone UT Mngmt (1000)H

NFU Mutual Unit Mngrs Ltd (1400)F

N&P Unit Trust Management Ltd (1200)F

National Provident Inv Mngrs Ltd (1400)H

National Westminster UT Mngrs (1200)F

Newton Fund Mngrs Ltd (1200)F

Norwich Union Tst Managers (1200)H

NPI Unit Managers Ltd (1000)F

Pembroke Administration Ltd (0800)F

Perpetual Unit Tst Mngmt (1200)F

Pilgrim Unit Trust Mngmt Ltd (0800)F

Pelaton York UT Mngrs (0800)F

Mercury Fund Managers Ltd - Contd.

Metropolitan Unit Trust Mngrs Ltd (1000)F

Millennium Fund Management Ltd (1000)F

Morgan Grenfell Invest Fds Ltd (1000)F

Mutual Unit Managers Ltd (1000)F

Norwich Unit Managers (1200)H

Objective Unit Trust Management Ltd (1600)F

PDFM Unit Managers Ltd (1400)F

Pearl Unit Trusts Ltd (1000)F

Martin Currie Unit Trusts Ltd (0800)H

Mercury Fund Managers Ltd (1000)H

Midland Unit Managers Ltd (1000)F

Monks Unit Trust Managers Ltd (1400)F

Mouchel Management Ltd (1000)F

Market & Spencer Unit Trust Ltd (1200)F

Marlborough Fund Managers Ltd (1600)F

Portfolio Fund Management Ltd (0800)F

Premiums Life Unit Tst Mngrs Ltd (1400)F

Principal Unit Trust Mngmt Ltd (1600)F

Prudfit Unit Trst Mngrs Ltd (1100)F

Prudential Unit Trusts Ltd (1200)F

Prosperity Unit Trust Mngmt Ltd (1200)F

Providence Capital Fd Mngrs Ltd (1200)H

Provident Mutual Unit Tst Mngrs Ltd (0800)H

Quadrant Unit Trust Services Ltd (0800)F

Rathbone Unit Trust Management Ltd (1000)F

Reliance Unit Mngrs. Ltd (1000)H

Royal Life Fd Mngmt Ltd (1000)F

Royal London Unit Tst Mngrs Ltd (2200)F

St James's Place UT Group Ltd (1200)F

Schroder Unit Trusts Ltd - Contd.

Scottish Amicable Ut Tst Mngrs Ltd (0700)H

Scottish Equitable Fd Mngrs Ltd (1000)H

Scottish Life Investments (1200)F

Scottish Mutual Inv Mngrs Ltd (1000)H

Scottish Provident Inv Mngt Ltd (1000)F

Scottish Widows' Fund Mngmt (0800)H

Seymour Pierce Fund Mngt Ltd (1200)F

Sharp (Albert E.) & Co (1000)F

Shepherds Unit Trust Mngmt Ltd (1200)F

Singer & Friedlander UT Mngmt Ltd (1000)F

Smith & Williamson Unit Tst Mngrs (1700)F

Stewart Unit Managers Ltd (1200)F

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mngrs Ltd (1000)F

Sun Life Trust Mngmt Ltd (1400)F

Target Unit Trust Managers Ltd (1200)F

Tilney Unit Trust Managers Ltd (1200)F

TSB Unit Trusts (1200)F

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Schroder Unit Trusts Ltd (1400)F

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administration costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often not above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▽) - 0001 to 1100 hours; (◆) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (△) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the prices set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given an definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Gaston Poke, 109 New Oxford Street, London WC1A 1QB Tel: 071-379-0444.

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OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

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Scottish Life Investments

19 St Andrew Square, Edinburgh 031-225 2211

Scottish Mutual Assurance plc

109 St Vincent St, Glasgow 041-248 6321

Sun Alliance Group - Contd.

Allied Dunbar International Assce Ltd (z)

Lord Street, Douglas, IoM 0624 661551

CMI Insurance Co Ltd

Clerical Medical Hse, Douglas I.O.M. 0624 625500

Scottish Provident Intl Life Ass Ltd

Sun Alliance International Life

PO Box 77, Les Echelons Ct, St Peter Port, Guer 0481 714108

Sun Life International (IOM) Ltd

Bridge House, Castletown, Isle of Man

Tel: 44 (0) 624 825000 Fax: 44 (0) 624 825919

For Target Intl Group see Premier Life

TSB Life Ltd

Charlton Pl, Andover, Hants. SP10 1RE 0264 345678

	Bid Price	Offer Price	Yield Gross	City-Line
Managed Fund	281.9	296.8	-	44309
Property Fund	217.2	228.7	-	44310
Fixed Int Fund	220.0	231.7	-	44311
Money Fund	197.0	207.5	-	44312
Equity Fund	369.6	389.0	-	44313
Homebuyer Fund	229.1	241.3	-	44314
Managed Inv Fund	170.6	179.7	-	46125
Options Managed	132.8	139.7	-	47924
Options Equity	130.4	137.3	-	47923
Options Money	128.4	135.3	-	47925
TSB Pensions Ltd.				
Managed Pension	1091.5	1149.1	-	44315
Deposit Pension	228.4	240.5	-	44316

Target Life Assurance Co Ltd

The Exchange, 66 High St, Aylesbury, Bucks HP20 1SE (0296) 394000

	Bid Price	Offer Price	Yield Gross	City-Line
Life Funds				
Managed	623.9	656.8	-	44317
Managed Growth	195.9	206.2	-	47151
Managed Opportunity	207.5	218.5	-	47152
Property	315.3	331.8	-	44318
Residential Property	97.0	102.2	-	44340
Fixed Int.	318.9	335.8	-	44319
Deposit	245.6	258.7	-	44322
Financial Series 1	47.2	50.7	-	44447
Financial Series 2	164.4	173.2	-	47183
Equity	206.2	221.1	-	44430
Gold & General	89.2	94.0	-	44331
TSB American	192.9	203.1	-	44324
TSB British Growth	831.8	875.7	-	44320
TSB European	301.1	317.0	-	44336
TSB Income	396.9	418.8	-	44333
TSB International	435.6	458.6	-	44321
TSB Intl Income	281.0	295.9	-	44326
TSB Pacific	450.0	473.7	-	44329
TSB Premier Income	256.9	267.4	-	44338
Pension Funds				
Managed	2159.8	2273.6	-	44342
Managed Growth	221.3	233.0	-	47155
Managed Opportunity	220.2	231.9	-	47159
Gilt	654.3	688.8	-	44343
Index-Linked	226.7	238.7	-	44348
Guaranteed	525.0	552.7	-	44347
Deposit	172.1	181.2	-	44349

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd

12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

	Bid Price	Offer Price	Yield Gross	City-Line
Managed Fund	339.0	356.8	-	44350
Gilt & Fixed Int Fd	229.5	241.6	-	44351
Cash Fund	197.0	207.4	-	44352
Pensions Managed	189.9	199.9	-	44353
Pensions Cash	166.8	175.6	-	44354

Templeton Life Assurance Limited

80 Union Street, Oldham OL1 1DT 061-624 7299

	Bid Price	Offer Price	Yield Gross	City-Line
Global Growth	196.73	208.30	-	41207
Global Enterprise	201.77	214.65	-	41385
Global Managed	185.66	197.52	-	41029
Global Fixed Interest	141.25	150.26	-	41028
Sterling Haven	123.94	131.88	-	40994
Pen 2000 (Time)	213.07	213.07	-	41518
Tax Exempt (Time)	124.09	127.82	-	41579
Global Growth (Pen)	229.99	244.68	-	41443
Global Enterprise (Pen)	225.27	239.66	-	41445
Global Managed (Pen)	219.22	233.22	-	41442
Global Fixed Int (Pen)	184.88	184.78	-	41438
Sterling Haven (Pen)	134.50	143.10	-	41437

Tunbridge Wells Equitable

Abbey Court, Tunbridge Wells 0892 515353

Scottish Widows' Group

PO Box 902, Edinburgh EH16 5BU 031-655 6000

Skandia Life Assurance Co Ltd (z)

Skandia Hse, Portland Terr, Southampton 0703 334411

Skandia Valuation Line 0800 181296 9am - 5pm Mon - Fri

Hansard International Ltd.

PO 192, Bank Hill, Nth Quay, Douglas IoM

Isle of Man Assurance Ltd

IOMA House, Prospect Hill, Douglas, IoM

	Bid Price	Offer Price	Yield Gross	City-Line
Holiday Property Bond	£0.74	0.75	-	45307

Lebrow International Group

PanEuroLife societe anonyme

38 Av Marie-Therese, Luxembourg 010 352 456730

Premier Life

Professional Investment Consultants

J. D. Ward Financial Services Ltd

9 Kingsway, London, WC2 6XF. 071-836 4321

	Bid Price	Offer Price	Yield Gross	City-Line
J.D. Ward Mngd Pens	188.9	198.9	-	50457
Albany Life Acc	269.7	283.9	-	50458
Albany Worldwide Pens	380.7	400.7	-	48998
M&G Tripos Pen Acc	272.8	286.8	-	47104
PEPC BW Gearli (Pn Acc)	264.1	277.9	-	50459
Scottish Equitable Pension	172.5	181.6	-	50460

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

MANAGEMENT SERVICES

Capital Trust Financial Management

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Pembroke Hall, Pembroke, Bermuda

GUERNSEY (SIB RECOGNISED)

Royal Bk of Canada O/S Fd Mgrs Ltd

PO Box 246, St Peter Port, Guernsey 0481 723021

Latest Fund Prices 24hr service 0481 716043

Sarasin Funds Mngmt (Guernsey) Ltd

PO Box 248, St Peter Port, Guernsey 0481 723021

Schroder Investment Mngmt (Guernsey) Ltd

PO Box 255, St Peter Port, Guernsey 0481 710051

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Apollo Investment Management Ltd

Arab Bank Fund Managers (Guernsey) Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
AB International Fund Ltd				
Managed Currency	$10.94	10.98	-	47941
International Bond	$11.31	11.34	-	47940

Bachmann Global Investment Fund Ltd

Bellinvest Management (Guernsey) Ltd

Guinness Flight Fd Mngrs - Contd.

Hambros Fd Mgrs (CI) Ltd

PO Box 255, Guernsey 0481 715454

Rothschild Asset Mngmt - Contd.

Saudi International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

UBK Asset Management (Guernsey) Ltd

U.S. Advisors (Guernsey) Limited

U.S. Treasury Securities Fund Ltd

Wells Fargo Nikko Inv Adv Gsy Ltd

Yamaichi Capital Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

Baring International Fd Mngrs (Ireland) Ltd

Baring Mutual Fund Mngmt (Ireland) Ltd

Chemical Fund Administrators Ltd

Citizens Investment Trust Mngt Company

GT Asset Management (Ireland) Ltd

Galacorp Ireland Limited

Hambros Fund Managers (Ireland) Ltd

Kleinwort Benson Bond Arbitrage Fund Plc

Kleinwort Benson Derivatives Products Fund Plc

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs

Victory Hse, Prospect Hill, Douglas IoM 0624 677877

Allied Dunbar Intl Fund Mgrs (1986)F

Lord Street, Douglas, IoM 0624 661551

For conversion Prices of Shared Phone: 0624 662020

Asset Global Funds Ltd (1200)

Victory Hse, Prospect Hill, Douglas, IoM 0624 620097

Bank of Ireland

c/o "BI" Managers (IOM) Ltd

4 Christian Road, Douglas, IOM 0624 622676

CMI Fund Managers (IoM)

Clerical Medical Hse, Douglas, IoM 0624 625500

* Yield expressed as C.A.R. (Compound Annual Return)

John Govett Management (IOM) Ltd

19/21 Circular Road, Douglas, Isle of Man 0624 629420

Leopold Joseph Fund Mngrs (IoM) Ltd

PO Box 53 Athol St Douglas IoM 0624 661020

Mercury Fund Managers IoM Ltd

12-13 Hill Street, Douglas IoM 0624 662265

Sun Life Management (IoM) Ltd

PO Box 22, Castletown, IoM 0624 824131

Unibank Scandinavian Fund Ltd

19-21, Circular Rd, Douglas, IoM 0624 629420

ISLE OF MAN (REGULATED)(**)

ATC Fund Management Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
ATC International Dollar	$12.18		-	46889
ATC International Sterling	£12.37		-	48141

Cater Allen Investment Management (CI)

	Bid Price	Offer Price	Yield Gross	City-Line
CA Gilt Income	25.30	5.54	18.06	44830
CA Equity Gwth	25.40	5.01	1.44	44832

Citibank (CI) Ltd "Citifunds"

	Bid Price	Offer Price	Yield Gross	City-Line
Equity Funds				
Japan Equity May 19	$10.317		-	44845
US Em Hlth May 23	$21.238		-	44849
US Em Tech May 23	$26.887		-	44851
Chicare May 23	$32.836		-	44852

Citibank N.A.

Concerto Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
NAV May 13	895.13		-	-

Coutts & Co (Jersey) Fund Managers Ltd

EBC Fund Managers (Jersey) Ltd

"Offer price includes 3% prelim. charge

* Offer Price includes 3½% Initial Charge

Fleming Group

Robert Fleming Management (Jersey) Ltd

Foreign & Colonial Mngmt (Jersey) Ltd

John Govett Management (Jersey) Ltd

INVESCO International Limited

All Funds deal daily except where indicated.

JERSEY (REGULATED)(**)

Barclays Intl Funds

Capital House Fund Mgrs (CI) Ltd (0900)H

PO Box 189, St Helier, Jersey 0534 285707

Coutts & Co (Jersey) Fund Managers Ltd

23/25 Broad Street, St Helier, Jersey CI 0534 282345

Gartmore Fund Mngrs Intl Ltd

PO Box 278, 45 La Motte St., Jersey 0534 888888

Lloyds Bank (CI) U/T Mgrs.

Midland Bank Fund Managers (Jersey) Ltd

Prudential Fund Managers (Jersey) Ltd

Royal Bank of Canada (Jsy) Fd Mgt Ltd (1400)F

Standard Bank Fund Mngmt (Jersey) Ltd

TSB Trust Funds (CI)

IRELAND (REGULATED)(**)

AIB Fund Management Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

May 20		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.4827	-0.0751	743 - 911	17.5810	17.4743	17.4789	0.3	17.4733	0.2	-	-	113.9
Belgium	(BFr)	51.1558	-0.2133	204 - 912	51.4820	51.1204	51.1508	0.1	51.1508	0.0	50.8808	0.5	115.3
Denmark	(DKr)	9.7184	-0.0516	100 - 227	9.7880	9.7100	9.7241	-0.9	9.7322	-0.7	9.7496	-0.3	115.3
Finland	(FM)	8.1154	-0.0443	058 - 250	8.1830	8.1058	-	-	-	-	-	-	81.7
France	(FFr)	8.4994	-0.0417	941 - 047	8.5562	8.4941	8.5051	-0.8	8.508	-0.4	8.4744	0.3	108.2
Germany	(DM)	2.4856	-0.0098	845 - 867	2.5031	2.4843	2.4862	-0.3	2.4858	0.0	2.4873	0.7	123.7
Greece	(Dr)	375.868	+3.831	237 - 100	378.858	372.020	-	-	-	-	-	-	-
Ireland	(I£)	1.0137	-0.0039	128 - 146	1.0206	1.0128	1.014	-0.4	1.0146	-0.4	1.0159	-0.2	104.8
Italy	(L)	2385.49	-5.05	334 - 763	2394.23	2383.34	2391.19	-2.9	2400.89	-2.8	2431.54	-1.9	78.5
Luxembourg	(LFr)	51.1558	-0.2133	204 - 912	51.4820	51.1204	51.1508	0.1	51.1508	0.0	50.8808	0.5	115.3
Netherlands	(Fl)	2.7882	-0.0126	867 - 898	2.8079	2.7867	2.7877	0.2	2.7874	0.1	2.7646	0.8	119.0
Norway	(NKr)	10.7822	-0.042	578 - 665	10.8533	10.7578	10.7565	0.6	10.7691	-0.3	10.7602	0.0	95.5
Portugal	(Es)	257.195	-0.404	900 - 489	258.170	256.900	258.17	-4.5	260.115	-4.5	-	-	-
Spain	(Pta)	205.371	-0.399	278 - 463	206.788	205.278	205.881	-3.0	206.711	-2.8	209.491	-2.0	84.7
Sweden	(SKr)	11.5788	-0.017	680 - 855	11.6233	11.5880	11.5983	-2.2	11.6288	-1.8	11.7178	-1.2	77.0
Switzerland	(SFr)	2.1214	-0.0047	201 - 226	2.1338	2.1201	2.1197	0.9	2.1155	1.1	2.0967	1.6	117.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.8
Ecu	-	1.2907	-0.0048	898 - 915	1.2977	1.2898	1.2919	-1.1	1.2928	-0.6	1.2911	0.0	-
SDR†	-	0.939384	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5069	+0.0021	064 - 073	1.5113	1.5042	-	-	-	-	-	-	-
Brazil	(Cr)	2518.59	+45.15	790 - 927	2526.00	2473.00	-	-	-	-	-	-	-
Canada	(C$)	2.0783	+0.0041	774 - 792	2.0823	2.0690	2.0797	-0.8	2.083	-0.9	2.0976	-0.9	87.1
Mexico	(New Peso)	5.0080	-0.0038	991 - 169	5.0251	4.9991	-	-	-	-	-	-	-
USA	($)	1.5088	+0.002	084 - 102	1.5145	1.5072	1.5068	0.8	1.5077	0.6	1.5053	0.3	85.1
Pacific/Middle East/Africa													
Australia	(A$)	2.0738	+0.0042	725 - 750	2.0811	2.0678	2.0731	0.4	2.0715	0.4	2.0705	0.2	-
Hong Kong	(HK$)	11.6633	+0.0159	598 - 667	11.6860	11.6439	11.6552	0.8	11.6513	0.4	11.6783	-0.1	-
India	(Rs)	47.3624	+0.068	461 - 787	47.5060	47.2880	-	-	-	-	-	-	-
Japan	(Y)	158.883	-0.021	781 - 985	159.970	158.781	158.483	3.1	156.873	3.1	151.718	3.3	185.1
Malaysia	(M$)	3.9093	-0.0026	075 - 111	3.9209	3.8819	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5727	-0.0009	705 - 748	2.5801	2.5685	2.572	0.3	2.5756	-0.4	2.5821	-0.4	-
Philippines	(Peso)	40.9157	+0.0556	783 - 530	41.1530	40.6783	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6622	+0.0077	604 - 639	5.6795	5.6526	-	-	-	-	-	-	-
Singapore	(S$)	2.3226	+0.0097	212 - 239	2.3304	2.3157	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5481	+0.0135	455 - 507	5.5658	5.5325	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.4356	+0.0026	187 - 528	7.5104	7.3737	-	-	-	-	-	-	-
South Korea	(Won)	1216.98	+0.66	658 - 737	1220.89	1214.96	-	-	-	-	-	-	-
Taiwan	(T$)	40.5080	+0.04	217 - 942	40.5600	40.4217	-	-	-	-	-	-	-
Thailand	(Bt)	38.0243	+0.029	067 - 419	38.1500	37.9970	-	-	-	-	-	-	-

†SDR rate for May 19. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

May 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	11.5795	-0.0655	770 - 820	11.6600	11.5760	11.587	-0.8	11.5885	-0.3	11.5023	0.7	103.1
Belgium	(BFr)	33.8825	-0.1875	680 - 970	34.1440	33.8680	33.9075	-0.9	33.9325	-0.6	33.8025	0.2	104.5
Denmark	(DKr)	6.4355	-0.043	330 - 380	6.4881	6.4330	6.445	-1.8	6.458	-1.4	6.4635	-0.4	103.8
Finland	(FM)	5.3752	-0.0367	702 - 801	5.4256	5.3702	5.3777	-0.6	5.3797	-0.3	5.3927	-0.3	78.3
France	(FFr)	5.6295	-0.0353	275 - 315	5.6705	5.6265	5.6367	-1.5	5.6448	-1.1	5.6163	0.2	104.4
Germany	(D)	1.6463	-0.0098	460 - 465	1.6590	1.6450	1.6477	-1.1	1.649	-0.7	1.6428	0.2	104.9
Greece	(Dr)	248.920	+2.07	600 - 040	249.200	247.500	250.17	-6.6	251.02	-3.5	253.32	-1.8	69.5
Ireland	(I£)	1.4894	+0.0077	884 - 903	1.4907	1.4780	1.488	1.1	1.4858	1.0	1.4824	0.5	-
Italy	(L)	1580.00	-5.5	900 - 100	1588.00	1579.00	1584.45	-3.4	1592.5	-3.2	1613.5	-2.1	79.1
Luxembourg	(LFr)	33.8825	-0.1875	680 - 970	34.1440	33.8680	33.9075	-0.9	33.9325	-0.6	33.8025	0.2	104.5
Netherlands	(Fl)	1.8467	-0.0109	462 - 472	1.8613	1.8461	1.848	-0.8	1.8487	-0.4	1.8363	0.6	104.0
Norway	(NKr)	7.1282	-0.0376	272 - 292	7.1843	7.1260	7.1312	-0.5	7.1327	-0.3	7.1082	0.3	95.4
Portugal	(Es)	170.350	-0.5	200 - 500	171.150	170.200	171.315	-6.8	172.935	-6.1	177.3	-4.1	92.8
Spain	(Pta)	136.025	-0.45	000 - 050	137.100	135.950	136.42	-3.5	137.1	-3.2	139	-2.2	80.0
Sweden	(SKr)	7.6676	-0.0217	640 - 715	7.7098	7.6518	7.6863	-2.9	7.7123	-2.3	7.7728	-1.4	82.5
Switzerland	(SFr)	1.4051	-0.005	046 - 055	1.4145	1.4045	1.4053	-0.1	1.4035	0.5	1.3874	1.3	103.8
UK	(£)	1.5088	+0.002	084 - 102	1.5146	1.5072	1.5088	0.8	1.5077	0.6	1.5053	0.3	86.6
Ecu	-	1.1696	+0.0058	693 - 703	1.1703	1.1622	1.1684	1.5	1.1667	1.1	1.1715	-0.1	-
SDR†	-	1.41831	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9961	-	960 - 961	0.9961	0.9960	-	-	-	-	-	-	-
Brazil	(Cr)	1668.16	+27.68	815 - 817	1668.17	1668.15	-	-	-	-	-	-	-
Canada	(C$)	1.3766	+0.0009	763 - 768	1.3775	1.3719	1.3786	-1.7	1.3814	-1.4	1.3926	-1.2	83.8
Mexico	(New Peso)	3.3170	-0.007	120 - 220	3.3220	3.3120	3.318	-0.4	3.3198	-0.3	3.3272	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	99.9
Pacific/Middle East/Africa													
Australia	(A$)	1.3736	+0.001	731 - 740	1.3763	1.3704	1.3789	-4.6	1.3778	-1.2	1.3761	-0.2	88.5
Hong Kong	(HK$)	7.7251	+0.0001	248 - 253	7.7253	7.7248	7.7246	0.1	7.7271	-0.1	7.7414	-0.2	-
India	(Rs)	31.3700	+0.0025	675 - 725	31.3725	31.3675	31.45	-3.1	31.595	-2.9	-	-	-
Japan	(Y)	103.910	-0.155	870 - 950	104.600	103.870	103.715	2.3	103.265	2.4	100.9	2.9	146.0
Malaysia	(M$)	2.5898	-0.0052	888 - 898	2.5997	2.5730	2.5818	3.5	2.5793	1.7	2.6093	-0.8	-
New Zealand	(NZ$)	1.7040	-0.0029	030 - 050	1.7068	1.7030	1.7058	-1.3	1.7104	-1.5	1.7321	-1.7	-
Philippines	(Peso)	27.1000	-	500 - 500	27.2500	26.9000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-	501 - 504	3.7504	3.7501	3.7509	-0.2	3.7529	-0.3	3.7656	-0.4	-
Singapore	(S$)	1.5383	+0.0043	378 - 388	1.5412	1.5365	1.5376	0.6	1.5373	0.3	1.5393	-0.1	-
S Africa (Com.)	(R)	3.6748	+0.004	740 - 755	3.6765	3.6600	3.6903	-5.1	3.7186	-4.8	3.7953	-3.3	-
S Africa (Fin.)	(R)	4.9250	-0.005	150 - 350	4.9600	4.8800	4.9587	-8.2	5.0175	-7.5	-	-	-
South Korea	(Won)	806.050	-0.65	000 - 100	806.000	806.100	809.05	-4.5	812.55	-3.2	831.05	-3.1	-
Taiwan	(T$)	26.8300	-0.01	800 - 800	26.8900	26.7800	26.85	-0.9	26.89	-0.9	-	-	-
Thailand	(Bt)	25.1850	-0.015	800 - 900	25.2200	25.1800	25.2575	-3.5	25.385	-3.2	25.865	-2.7	-

†SDR rate for May 19. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices May 19. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

May 20		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.99	16.61	4.859	1.982	4662	5.450	21.03	502.7	401.5	22.63	4.146	1.955	4.062	2.950	306.5	2.523
Denmark	(DKr)	52.66	10	8.747	2.559	1.044	2455	2.869	11.07	264.7	211.4	11.92	2.183	1.029	2.139	1.553	161.4	1.329
France	(FFr)	60.20	11.43	10	2.925	1.193	2806	3.280	12.66	302.6	241.7	13.63	2.496	1.177	2.445	1.776	184.5	1.519
Germany	(DM)	20.58	3.908	3.419	1	0.408	959.4	1.121	4.328	103.5	82.62	4.658	0.853	0.402	0.836	0.607	63.07	0.519
Ireland	(I£)	50.45	9.582	8.382	2.452	1	2352	2.750	10.61	253.6	202.6	11.42	2.092	0.986	2.049	1.488	154.6	1.273
Italy	(L)	2.145	0.407	0.356	0.104	0.043	100.	0.117	0.451	10.78	8.612	0.486	0.089	0.042	0.087	0.063	6.574	0.054
Netherlands	(Fl)	18.35	3.485	3.048	0.892	0.364	855.5	1	3.859	92.25	73.67	4.154	0.761	0.359	0.745	0.541	56.24	0.463
Norway	(NKr)	47.55	9.030	7.898	2.310	0.942	2217	2.591	10	239.0	190.9	10.76	1.971	0.929	1.931	1.402	145.7	1.200
Portugal	(Es)	19.89	3.778	3.304	0.967	0.394	927.3	1.084	4.184	100.	79.86	4.502	0.825	0.389	0.808	0.587	60.96	0.502
Spain	(Pta)	24.91	4.730	4.138	1.210	0.494	1161	1.357	5.239	125.2	100.	5.638	1.033	0.487	1.012	0.735	76.34	0.629
Sweden	(SKr)	44.18	8.390	7.339	2.147	0.876	2060	2.408	9.292	222.1	177.4	10	1.832	0.864	1.794	1.303	135.4	1.115
Switzerland	(SFr)	24.12	4.581	4.007	1.172	0.478	1124	1.314	5.073	121.3	96.84	5.460	1	0.471	0.980	0.711	73.93	0.609
UK	(£)	51.16	9.716	8.499	2.486	1.014	2385	2.788	10.76	257.2	205.4	11.58	2.121	1	2.078	1.509	156.8	1.291
Canada	(C$)	24.62	4.676	4.090	1.196	0.488	1148	1.342	5.178	123.8	98.85	5.573	1.021	0.481	1	0.726	75.46	0.621
US	($)	33.90	6.439	5.632	1.647	0.672	1581	1.848	7.131	170.4	136.1	7.674	1.406	0.663	1.377	1	103.9	0.856
Japan	(Y)	326.3	61.96	54.20	15.85	6.467	15210	17.78	68.62	1640	1310	73.85	13.53	6.378	13.25	9.624	1000.	8.233
Ecu		39.63	7.526	6.583	1.926	0.785	1847	2.160	8.335	199.2	159.1	8.970	1.643	0.775	1.610	1.169	121.5	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	0.6032	0.6077	+0.0045	0.6081	0.6025	41,686	116,639
Sep	0.6034	0.6071	+0.0045	0.6076	0.6034	2,115	7,662
Dec	-	0.6077	+0.0044	0.6077	0.6060	22	258

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	0.7082	0.7121	+0.0039	0.7130	0.7070	14,646	41,072
Sep	0.7132	0.7134	+0.0039	0.7140	0.7114	1,241	2,228
Dec	-	0.7162	+0.0039	-	-	5	340

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	0.9609	0.9622	+0.0015	0.9643	0.9570	27,350	58,457
Sep	0.9644	0.9689	+0.0015	0.9706	0.9644	2,390	5,584
Dec	-	0.9761	+0.0014	0.9775	0.9743	15	942

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	1.5068	1.5056	-0.0024	1.5138	1.5026	8,339	44,798
Sep	1.5086	1.5036	-0.0024	1.5116	1.5010	216	2,572
Dec	-	1.5028	-0.0024	1.5100	1.5020	14	52

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jun	Jul	Aug	PUTS Jun	Jul	Aug
1.425	7.90	7.88	8.05	-	0.06	0.30
1.450	5.47	5.66	6.01	-	0.27	0.68
1.475	3.12	3.65	4.18	0.11	0.74	1.33
1.500	1.28	2.11	2.70	0.71	1.63	2.32
1.525	0.31	1.05	1.67	2.23	3.01	3.66
1.550	0.01	0.45	0.94	4.38	4.89	5.41

Previous day's vol., Calls 6,431 Puts 7,167 . Prev. day's open int., Calls 484,72341 Puts 413,306

UK INTEREST RATES

LONDON MONEY RATES

May 20	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	4¾ - 3½	5 - 4¾	5⅛ - 4¹⁵⁄₁₆	5³⁄₁₆ - 5⅛	5⅜ - 5¼	5¹³⁄₁₆ - 5¹¹⁄₁₆
Sterling CDs	-	-	5 - 4⅞	5⅛ - 5	5¼ - 5⅛	5¹¹⁄₁₆ - 5⅝
Treasury Bills	-	-	4⅞ - 4¾	4⅞ - 4¾	-	-
Bank Bills	-	-	4⅞ - 4¾	4¹⁵⁄₁₆ - 4⅞	5⅛ - 5	-
Local authority deps.	4¾ - 4⅝	4¾ - 4⅝	5 - 4⅞	5⅛ - 5	5⅜ - 5¼	5¾ - 5⅝
Discount Market deps	4⅝ - 3⅞	4¹⁵⁄₁₆ - 4¾	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¼	3¼	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ¼pc.
Ave. tender rate of discount 4.7430pc. ECGD fixed rate Stlg. Export Finance. Make up day April 29, 1994. Agreed rate for period May 25, 1994 to Jun 25, 1994, Schemes II & III 6.56pc. Reference rate for period Apr 1, 1994 to Apr 29, 1994, Schemes IV & V 6.286pc. Finance House Base Rate 5½pc from May 1, 1994

BANK OF ENGLAND TREASURY BILL TENDER

	May 20	May 13		May 20	May 13
Bills on offer	£500m	£400m	Top accepted rate	4.7430%	4.8533%
Total of applications	£1790m	£1873m	Ave. rate of discount	4.7430%	4.8428%
Total allocated	£500m	£400m	Average yield	4.9010%	4.9020%
Min. accepted bid	£98.815	£98.790	Offer at next tender	£500m	£400m
Allotment at min. level	100%	43%	Min. accept. bid 182 days	-	-

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on page 25 in today's edition.

■ Pound in New York

May 20	—Close —	– Prev. close –
£ spot	1.5050	1.5075
1 mth	1.5041	1.5066
3 mth	1.5028	1.5054
1 yr	1.5000	1.5035

FIXED INTEREST RATES

MONEY RATES

May 20	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	-	5⅝	5⅝	5⅝	5½	7.40	4.50	-
week ago	5⅝	5⅝	5⅝	5½	5⅝	7.40	4.50	-
France	5⅝	5⅞	5¾	5½	5½	5.60	-	6.75
week ago	5½	5⅝	5⅝	5½	5½	5.50	-	6.75
Germany	5.28	5.20	5.04	4.88	4.88	6.00	4.50	5.23
week ago	5.50	5.20	5.03	4.96	4.96	6.00	4.50	5.47
Ireland	5⅝	5⅝	6	6⅛	6⅜	-	-	6.25
week ago	5⅝	5⅝	6	6⅛	6⅜	-	-	6.25
Italy	7⅝	7⅝	7⅝	7⅝	7⅝	-	7.00	7.65
week ago	7⅝	7⅝	7⅝	7⅝	7⅝	-	7.00	8.10
Netherlands	5.15	5.13	5.09	5.07	5.07	-	5.25	-
week ago	5.28	5.13	5.05	5.03	5.02	-	5.25	-
Switzerland	4⅛	4⅛	4⅛	4⅛	4⅛	6.625	3.50	-
week ago	4⅛	4⅛	4	4	4	6.625	3.50	-
US	4⅜	4¼	4½	4⅞	5⅛	-	3.50	-
week ago	3⅞	4¼	4⅝	5⅛	5⅜	-	3.00	-
Japan	2	2⅛	2⅛	2⅛	2⅛	-	1.75	-
week ago	2⅛	2⅛	2⅛	2⅛	2⅛	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	4⅝	4⅝	4⅞	5⅜	-	-	-
week ago	-	4⅝	4⅝	5¼	5⅝	-	-	-
US Dollar CDs	-	4.12	4.32	4.82	5.15	-	-	-
week ago	-	4.12	4.56	5.00	5.61	-	-	-
SDR Linked Ds	-	3⅞	4	4⅛	4⅛	-	-	-
week ago	-	3⅞	4	4⅛	4⅛	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 6⅛; 6 mths: 6⅛; 1 year: 5⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

May 20	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅜ - 5¼	5⁷⁄₁₆ - 5⁵⁄₁₆	5⁷⁄₁₆ - 5⁵⁄₁₆	5⁷⁄₁₆ - 5⁵⁄₁₆	5⅜ - 5¼	5½ - 5⅜
Danish Krone	5¾ - 5½	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝
D-Mark	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5 - 4⅞	4¹⁵⁄₁₆ - 4¹³⁄₁₆
Dutch Guilder	5⅝ - 5½	5⅝ - 5½	5⅛ - 5	5⅛ - 4¹⁵⁄₁₆	5 - 4⅞	5 - 4⅞
French Franc	5¾ - 5⅝	5¾ - 5⅝	5¹¹⁄₁₆ - 5⅝	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½
Portuguese Esc.	10⅜ - 10⅛	10⅜ - 10⅛	10¾ - 10¼	10¾ - 10¼	10¼ - 9¾	10⅛ - 9⅝
Spanish Peseta	7⅝ - 7⅜	7⅝ - 7⅜	7⅝ - 7⅜	7⅝ - 7⅜	7⅝ - 7½	7¾ - 7⅝
Sterling	5⅛ - 4⅞	4¹⁵⁄₁₆ - 4¹³⁄₁₆	5⅛ - 4¹⁵⁄₁₆	5⅜ - 5¼	5⅝ - 5¼	5¾ - 5⅝
Swiss Franc	4⅞ - 4⅜	4¼ - 4	4⅛ - 4	4⅛ - 3¹⁵⁄₁₆	4⅛ - 3¹⁵⁄₁₆	4 - 3⅞
Can. Dollar	5⅝ - 5⅜	5⅞ - 5⅝	5⅞ - 5⅝	6⅛ - 6	6⅝ - 6½	6⅞ - 6¾
US Dollar	4⅜ - 4¼	4⅜ - 4¼	4⅜ - 4¼	4⅝ - 4½	4⅞ - 4¾	5⅜ - 5¼
Italian Lira	9 - 7½	7⅝ - 7¼	7⅝ - 7¼	7⅝ - 7¼	7⅝ - 7⅜	7¾ - 7½
Yen	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2¼ - 2⅛	2¼ - 2⅛	2⅜ - 2¼
Asian $Sing	3⅞ - 3¾	3⅞ - 3¾	4⅛ - 4⅛	4¾ - 4⅝	5⅛ - 5⅛	5⅝ - 5⅝

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.28	95.27	-	95.29	95.25	111,656	388,879
Sep	94.82	94.77	-0.06	94.85	94.74	217,292	417,025
Dec	94.36	94.28	-0.08	94.38	94.24	246,598	412,988

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.67	95.66	-0.01	95.67	95.65	1,686	20,475
Sep	95.23	95.21	-0.05	95.23	95.19	71446	11,976
Dec	94.87	94.81	-0.10	94.87	94.79	319	7,267

All Open interest figs. are for previous day

UK GILTS PRICES

	Notes	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	City line
Shorts" (Lives up to Five Years)							
Treas. 10pc Ln. 1994‡‡		100xd	-.5	1,900	Ja9 De9	3.5	1284
Exch 12½pc 1994		101¹³⁄₃₂	-.2	1,240	Fe22 Au22	17.1	1283
Treas 9pc 1994‡‡		101¹³⁄₃₂	—	1,900	My17 Nv17	11.4	1345
12pc 1995		104⅝	-.1	2,350	Ja25 Jy25	20.12	1284
Exch 3pc Gas 90-95		98¼	0.1	214	My1 Nv1	25.3	1271
10¼pc 1995		105¼	0.1	2,500	Ja21 Jy21	15.12	1254
Treas 12¾pc 1995‡‡		109⅝	0.1	840	My15 Nv15	8.4	1288
14pc 1996		112⅞	0.1	770	Ja22 Jy22	16.12	1305
15¼pc 1996‡‡		115¾	0.1	1,150	My3 Nv3	28.3	1309
Exch 13¼pc 1996‡‡		112⅝	0.2	800	My15 Nv15	8.4	1268
Conversion 10pc 1996		107⁷⁄₃₂	0.4	3,409	My15 Nv15	8.4	1240
Treas 13¼pc 1997‡‡		115⅝	0.3	1,290	Ja22 Jy22	16.12	1302
Exch 10½pc 1997		108¾	0.3	3,700	Fe21 Au21	17.1	1253
Treas 8¾pc 1997‡‡		104⅝	0.5	5,550	Mr1 Se1	24.1	1341
Exch 15pc 1997		123⅞	0.4	830	Ap27 Oc27	21.3	1269
9¾pc 1998		107⅛	0.6	3,550	Ja19 Jy19	13.12	1273
Treas 7¼pc 1998‡‡		99¾	0.7	7,850	Mr30 Se30	21.2	-
Treas 6¾pc 1995-98‡‡		98	0.3	1,200	My1 Nv1	25.3	1331
14pc '96-1		121¼xd	0.6	970	My22 Nv22	15.4	1306
Treas 15½pc '98‡‡		129⅝	0.6	835	Mr30 Se30	21.2	1308
Exch 12pc 1998		116⅝xd	0.9	3,809	My20 Nv20	13.4	1259
Treas 9½pc 1999‡‡		107⅜	0.8	1,900	Ja15 Jy15	9.12	1347
Five to Fifteen Years							
Exch 12¼pc 1999		117⅞	0.9	3,050	Mr26 Se26	17.2	1264
Treas 10½pc 1999		111⅝xd	0.8	1,252	My19 Nv19	12.4	1268
Treas 6pc 1999‡‡		93⅝	0.9	5,800	Fe10 Au10	22.4	-
Conversion 10¼pc 1999		110½xd	0.9	1,798	My22 Nv22	15.4	1242
Treas Flg Rate '99		99⅞xd	..	0	-	3.5	-
9pc 2000‡‡		105⅝	1.0	5,356	Mr3 Se3	25.1	1244
Treas 13pc 2000		123⅝	1.0	3,171	Ja14 Jy14	8.12	1289
10pc 2001		110⅝	1.2	4,406	Fe26 Au26	20.1	1280
7pc '01 ‡‡		95⅝	1.5	3,250	My6 Nv6	30.3	-
7pc '01 A		95⅝	1.5	2,500	My6 Nv6	-	-
9¾pc 2002		110⅛	1.3	6,527	Fe27 Au27	21.1	1349
8pc 2003‡‡		100⅛xd	1.3	7,808	Ja10 De10	4.5	-
10pc 2003		112⅝	1.3	2,503	Mr8 Se8	31.1	1281
Treas 11½pc 2001-4		117⅝	1.1	1,620	Mr19 Se19	10.2	1290
Funding 3½pc '99-4		76	2.6	543	Ja14 Jy14	8.12	1274
Conversion 9½pc 2004		110⅝	1.1	3,412	Ap25 Oc25	21.3	1246
Treas 6¾pc 2004‡‡		92¼xd	1.6	6,250	My26 Nv26	19.4	-
Conv 9½pc 2005		110⅝	1.1	4,842	Ap18 Oc18	14.3	1247
Treas 12½pc 2003-5		126⅝xd	1.0	2,300	My21 Nv21	14.4	1295
7¾pc 2006‡‡		98⅝	1.5	3,900	Mr8 Se8	31.1	-
8pc 2002-6‡‡		99¼	1.7	2,000	Ap5 Oc5	1.3	1334
Treas 11¾pc 2003-7		120⅝	1.1	3,150	Ja22 Jy22	16.12	1293
Treas 8½pc 2007 ‡‡		104⅝	2.2	5,497	Ja16 Jy16	10.12	1339
13½pc '04-8		133⅝	1.0	1,250	Mr26 Se26	17.2	1301
Treas 9pc 2008 ‡‡		108⅝	1.7	5,321	Ap13 Oc13	7.3	1343
Over Fifteen Years							
Treas 8pc 2009		100⅝	2.7	3,100	Mr25 Se25	15.2	1336
Treas 6 1/4pc 2010		85⅝xd	2.2	2,750	-	18.4	-
Conv 9pc Ln 2011 ‡‡		108⅝	1.8	4,273	Ja12 Jy12	6.12	1245
Treas 9pc 2012‡‡		110⅛	1.7	5,150	Fe6 Au6	31.12	1701
Treas 5½pc 2008-12‡‡		78⅝	2.7	1,000	Mr10 Se10	1.2	1330
Treas 8pc 2013‡‡		100⅝	2.0	4,950	Mr27 Se27	18.2	-
7¾pc 2012-15‡‡		96⅝	1.7	800	Ja26 Jy26	20.12	1332
Treas 8¾pc 2017‡‡		109⅛	2.2	6,950	Fe25 Au25	19.1	1982
Exch 12pc '13-'17		138⅛xd	1.8	1,000	Ja12 De12	6.5	1260
Undated							
Consols 4pc		49⅝	4.2	359	Fe1 Au1	29.12	1239
War Loan 3½pc‡‡		44⅝xd	3.6	1,909	Je1 De1	25.4	1352
Conv 3½pc '61 Aft.		59⅝	2.0	119	Ap1 Oc1	23.2	1243
Treas 3pc '66 Aft.		36⅝	4.6	56	Ap5 Oc5	1.3	1324
Consols 2½pc		31⅛	3.9	275	5JaApJyOc	1.3	1238
Treas. 2½pc		30½	3.0	475	Ap1 Oc1	21.2	1315
Index-Linked	(b)						
2pc '96	(67.9)	199¼	0.4	1,200	Mr16 Se16	7.2	1313
4⅝pc '98‡‡	(135.6)	107⅛	0.9	800	Ap27 Oc27	21.3	-
2½pc '01	(78.3)	167⅝	1.0	1,500	Mr24 Se24	15.2	1316
2½pc '03	(78.8)	164¾xd	1.1	1,050	My20 Nv20	13.4	1317
4⅜pc '04‡‡	(135.6)	111⅝	0.8	850	Ap21 Oc21	22.4	-
2pc '06	(69.5)	172¼	0.8	1,550	Ja19 Jy19	13.12	1314
2½pc '09	(78.8)	155⅝xd	0.9	1,550	My20 Nv20	13.4	1318
2½pc '11	(74.6)	161¼	1.0	1,950	Fe23 Au23	17.1	1319
2½pc '13	(89.2)	133¼	1.0	2,300	Fe16 Au16	10.1	1320
2½pc '16	(81.6)	141⅝	0.9	2,400	Ja26 Jy26	20.12	1321
2½pc '20	(83.0)	136⅛	1.0	2,400	Ap16 Oc16	10.3	1322
2½pc '24‡‡	(97.7)	113⅛	1.1	2,000	Ja17 Jy17	13.12	1323
4⅛pc '30‡‡	(135.1)	112⅝	1.1	1,300	Ja16 Jy22	16.12	-

(b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1993: 141.9 and for April 1994: 142.5.

Other Fixed Interest

	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	City line
African Dev 11¼ 2010	123⅝	1.7	50	Ja4 Jy4	1.12	-
Asian Dev 10¼pc 2009	116⅝	1.9	100	Mr24 Se24	3'93	-
B'ham 11½pc 2012	125¾	1.3	45	My15 Nv15	4'93	1857
Ireland Cap 8½pc '10	104¼	2.5	303	Ap1 Oc1	-	1465
9pc Cap 1998	102¼	0.9	725	Ja30 Jy30	-	-
13pc '97-2	112¼	0.9	315	Ap1 Oc1	28.8	1428
Hydro Quebec 15pc 2011	149	1.6	40	My31 Nv30	27.10	-
Leeds 13½pc 2006	133¼	2.1	40	Ap1 Oc1	3'93	3146
Liverpool 3½pc Irred.	38½	-1.3	5	1JaApJeOc	1.6	-
LCC 3pc '20 Aft.	34	-2.9	26	1JeJaSeDe	1.8	-
Manchester 11½pc 2007	118¼	2.4	6	Ap25 Oc25	3'93	3275
Met. Wtr. 3pc 'B'	69	1.3	25	Mr1 Se1	1.8	3361
N'wide Anglia 3⅞pc 2021	138¼	0.5	60	Ja30 Jy30	1'93	3465
4⅛pc IL 2024	130¾	0.4	50	-	20.7	-
Utd Mex States 16½pc 2008	145	2.1	50	Mr1 Se1	27.8	-

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds. Weekly percentage changes are calculated on a Friday to Friday basis.

BANK RETURN

BANKING DEPARTMENT	Wednesday May 18, 1994	Increase or decrease for week
Liabilities	£	£
Capital	14,553,000	
Public deposits	1,046,016,144	-81,185,477
Bankers deposits	1,501,677,540	-117,384,499
Reserve and other accounts	2,872,976,698	-71,452,586
	5,435,223,382	-270,022,562
Assets		
Government securities	1,164,507,429	+160,315,000
Advance and other accounts	1,969,940,143	-1,517,644,361
Premise, equipment and other secs	2,292,999,523	+1,085,146,854
Notes	7,595,214	+2,155,138
Coin	181,073	+4,807
	5,435,223,382	-270,022,562
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	17,622,404,786	-32,155,138
Notes in Banking Department	7,595,214	+2,155,138
	17,630,000,000	-30,000,000
Assets		
Government debt	11,015,100	
Other Government securities	15,911,563,129	+1,950,542,412
Other Securities	1,707,421,771	-1,980,542,412
	17,630,000,000	-30,000,000

FT GOLD MINES INDEX

	May 20	% chg since 31/12/93	May 19	Mkt Cap $bn	% of Gold Mines	Gross div yield %	52 week High	Low
Gold Mines Index (35)	1934.44	-13.3	1882.35	45.88	100.00	2.01	2367.40	1522.86
■ Regional indices								
Africa (16)	2518.92	-23.8	2498.48	12.95	28.36	4.72	3440.80	1902.23
Australasia (8)	2556.01	-4.1	2512.17	6.66	14.62	2.00	3013.89	1593.18
North America (11)	1681.54	-8.7	1616.97	26.04	57.02	0.67	2039.65	1363.00

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Predecessor Gold Mines Index: May 20: 206.2; week's change: -3.4 points; Year ago: 165.3. † Partial.

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association

* In administration

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	Low	Stock	Closing price p	+or-
-	Nil	-	3pm	1pm	Abtrust Scotland	1¼pm	
6	Nil	16/6	1½pm	¾pm	Allied Radio	¾pm	
27	Nil	22/6	7¼pm	4½pm	Babcock Intl	5pm	+¼
3	Nil	31/5	11½pm	6pm	‡Brackenbridge	10½pm	+1¾
270	Nil	8/7	64pm	49pm	Compass	60pm	-3
55	Nil	-	18pm	5pm	Dale Electric	5pm	
500	Nil	26/5	63pm	34pm	Derwent Valley	34pm	
113½	Nil	28/6	2pm	1½pm	Eaglet	2pm	+½
6	Nil	31/5	¼pm	½pm	Ferrum Hldgs	½pm	
192	Nil	15/6	27pm	4pm	Hunters Armley	4pm	
2	Nil	24/5	¾pm	¾pm	Tamaris	¾pm	
24	Nil	-	11pm	10pm	Unit	11pm	

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	1.34	10	9	Abtrust Scot Wts	10		-	-	-	-
-	F.P.	12.9	140	125	Capitol	140	+2	LN3.3	1.8	2.9	23.3
Ir250	F.P.	185.1	249	246	DCC	248		LQ34%	3.6	2.7	12.9
110	F.P.	40.3	115	110	DRS Data & Res	113	+2	LN2.8	1.1	3.1	27.0
160	F.P.	60.1	171	160	GRT Bus	168		RN3.8	3.3	2.8	13.0
120	F.P.	40.7	128	122	Go-Ahead	122		MN4.0	1.6	4.1	18.5
185	F.P.	42.3	198	180	Hamleys	185	+2	W4.7	2.2	3.2	17.8
105	F.P.	57.4	105	101	Healthcall	104		WN4.0	1.6	4.8	14.8
-	F.P.	-	98	92	Intl Biotech	92		-	-	-	-
-	F.P.	-	50	30	Do. Warrants	48		-	-	-	-
130	F.P.	71.7	138	122	Keller	128		WN04.7	2.3	3.7	14.8
160	F.P.	58.1	163	159	Lombard Ins.	163	+2	WN7.7	2.2	5.9	9.4
-	F.P.	2.81	16½	15½	Midland Assets	16½		-	-	-	-
-	F.P.	34.2	15	13¾	My Kinda Town	14¼*r		-	-	-	-
80	F.P.	27.3	87	67	Oxford Molecular	74	+6	-	-	-	-
-	F.P.	285.1	131	118	Redrow	129		WN2.7	2.5	2.8	16.4
-	F.P.	6.03	61	53	Secure Retirement	60	-1	-	-	-	-
-	F.P.	29.4	133	127	Specialty Shops	133		L2.4	-	2.3	-
198	F.P.	12.6	251	198	Superscape VR	237	+1	-	-	-	-
-	F.P.	60.0	100	100	TR Euro Gwth C	100		-	-	-	-
100	F.P.	43.9	95	91	Templeton Lat Am	95	+1½	-	-	-	-
-	F.P.	3.88	50	41	Do Wrts	42	+1	-	-	-	-
100	F.P.	54.8	103	98	Undervalued Asts	102¼	-¼	-	-	-	-
150	F.P.	41.2	160	154	Vymura	160		L4.44	2.2	3.5	15.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renun. date	1994 High	Low	Stock	Closing price £	+or-
-	F.P.	-	96	85	Creston Land 6pc Cv. Ln.	88	
-	F.P.	-	103	102	Fiscal Props. 7½pc Ln. 2020	102	
-	F.P.	-	117½p	104p	MAI 5.9p Cv. Pf.	105p	-1½
-	F.P.	-	103	101½	Ptarmigan 3¼pc Cv. Bds.	101½	

p Pence.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fund	4.67	-	4.75	3-Mth
Deposits Over £1 million	4.77	-	4.85	3-Mth
Deposits Over £2 million	4.87	-	4.96	3-Mth
The COIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	4.80	-	4.88	3-Mth
Cent. Bd. of Fin. of Church of England‡ 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	4.88	-	5.04	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
Aitken Hume Bank plc 30 City Road, London EC1Y 2AY. 071-638 6070				
Treasury Account – for professional advisers				
£25,000–£49,999	4.75	3.5625	4.85	Mth
£50,000 or more	5.00	3.75	5.12	Mth
Monthly Inc Acc – for personal and business clients				
Up to £9,999	3.25	2.4375	3.30	Mth
£10,000 – £24,999	4.00	3.00	4.07	Mth
£25,000 – £49,999	4.50	3.375	4.59	Mth
£50,000 or more	4.75	3.5625	4.85	Mth
Money Market quotations – please telephone				
Allied Trust Bank Ltd 25 Dowgate Hill, London, EC4R 2AT 071-626 0879				
FOMMA (£2,001+)	6.54	4.90	6.54	Yearly
TREMMA (£2,001+)	5.85	4.39	5.85	Yearly
TOMMA (£2,001+)	5.64	4.23	5.64	Yearly
OMMA (£2,001+)	5.33	3.99	5.33	Yearly
HICA (£2,001+)	4.00	3.00	4.07	Mth
HIBCA (£2001+)	4.00	3.00	4.07	Mth
Premier TESSA	6.87	5.15	6.87	Yearly
American Express Bank Ltd Sussex House, Burgess Hill RH15 9AQ 0444 232444				
High Performance Cheque Account				
£500–£999.99	1.00	0.75	1.00	Mth
£1,000–£4,999.99	3.50	2.63	3.56	Mth
£5,000–£9,999.99	3.75	2.81	3.82	Mth
£10,000–£24,999.99	4.00	3.00	4.07	Mth
£25,000–£49,999.99	4.25	3.19	4.33	Mth
£50,000+	4.75	3.56	4.85	Mth
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL 0753 516516				
£10,000 +	3.500	2.625	3.548	Qtr
£2,000–£9,999	2.50	1.875	2.524	Qtr
Bank of Scotland 38 Threadneedle St, EC2P 2EH 071-601 6446				
MM Chq Acc £2,500-£24,999	3.50	2.62	3.56	Mth
£25,000–£249,999	3.75	2.81	3.82	Mth
£250,000+	5.00	3.75	5.12	Mth
Barclays Select PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000–£9,999	4.00	3.00	4.00	Yearly
£10,000–£24,999	4.75	3.56	4.75	Yearly
£25,000–£49,999	5.00	3.75	5.00	Yearly
£50,000–£99,999	5.25	3.94	5.25	Yearly
£100,000+	5.50	4.13	5.50	Yearly
Barclays Prime Account H.I.C.A. PO Box 125, Northampton 0604 252891				
£1,000–£2,499	2.00	1.50	2.02	Qtr
£2,500–£9,999	2.25	1.69	2.27	Qtr
£10,000–£24,999	2.75	2.06	2.78	Qtr
£25,000+	3.35	2.51	3.39	Qtr
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2 071-606 9833				
HICA	4.00	3.00	4.07	Qtr
Prof Demand A/c	4.00	3.00	4.07	Qtr
Caledonian Bank Plc 8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
HICA	4.75	3.5625	-	Yearly
Cater Allen Ltd 20 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	3.75	2.81	3.81	Mth
Fixed £50,000+	4.58	-	4.65	Mth
Overnight £50,000+	4.00	-	4.07	Mth
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH. 071-248 4000				
£2,500-£19,999	4.25	3.19	4.33	Mth
£20,000-£49,999	4.50	3.38	4.59	Mth
£50,000-£99,999	4.75	3.56	4.85	Mth
£100,000+	5.00	3.75	5.12	Mth
$5,000-$49,999	2.25	1.69	2.27	Mth
$50,000-$99,999	2.75	2.06	2.78	Mth
$100,000-$199,999	3.00	2.25	3.04	Mth
$200,000+	3.25	2.44	3.30	Mth
Many other currencies are available – for rates please phone ext 2108				
Clydesdale Bank Flexible Solution Acc 30 St Vincent Place, Glasgow G1 2HL 041-248 7070				
£10,000-£29,999	3.70	2.78	3.75	Qtr
£30,000-£99,999	3.75	2.81	3.80	Qtr
£100,000-£199,999	3.80	2.85	3.85	Qtr
The Co-operative Bank PO Box 300, Skelmersdale, Lancs 0345 252000				
TESSA	5.25	-	-	Yearly
Pathfinder – Card Based Current Account				
All Balances	4.60	3.45	5.01	Mth
Investment 90 – 95 Day Notice Savings				
£50,000+	5.25	3.94	5.32	6-Mth
£25,000-£49,999	4.50	3.38	4.55	6-Mth
£10,000-£24,999	4.00	3.00	4.04	6-Mth
£5,000-£9,999	3.00	2.25	3.02	6-Mth
Top Tier – Instant Access Savings				
£50,000+	3.75	2.81	3.79	6-Mth
£10,000-£49,999	3.25	2.44	3.28	6-Mth
£5,000-£9,999	2.25	1.69	2.26	6-Mth
Business Deposit – Instant Access				
£250,000+	4.25	3.19	4.30	6-Mth
£50,000-£249,999	3.00	2.25	3.02	6-Mth
£10,000-£49,999	2.75	2.06	2.77	6-Mth
£500-£9,999	2.31	1.73	2.32	6-Mth
30-90 day notice available Tel 081-829 5586				
Coutts & Co 440 Strand, London WC2R 0QS 071-753 1000				
Coutts Composite Account for clients money 15 Lombard Street, London EC3V 9AU 071-623 1010				
Rates negotiable up to	4.500	-	-	-
Dao Heng Bank (London) PLC Premier Acc 10 Angel Court, London EC2R 7HP 071-606 1616				
£20,000+	5.00	3.75	5.09	Qtr
£10,001–£20,000	4.25	3.19	4.32	Qtr
£2,500–£10,000	3.75	2.81	3.80	Qtr
Savings Account	2.75	2.06	2.78	Qtr
Davenham Tst Plc–Davenham 500 Acc 8 St John St, Manchester M3 4DU 061-832 8484				
£10,000+ 6Mths	7.25	5.4375	-	6-Mth
£10,000+ 1 Year	7.50	5.625	7.5	Yearly
£5,000 – Fixed Rate 3d 7 Yrs	8.00	6.00	7.7	-
Fidelity Money Market Account Fidelity Brokerage Services Ltd, Kingswood Place, Tadworth Surrey, KT20 6RB				
£1–£49,999	3.75	2.81	3.80	Qtr
£50,000–£249,999	4.25	3.187	4.32	Qtr
£250,000–£499,999	4.875	3.6562	4.96	Qtr
£500,000+ Money Market Rates on request				
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG 0422 335333				
Rates for personal customers				
£50,000 and above	5.60	4.20	5.72	Qtr
£25,000 to £49,999	5.25	3.94	5.35	Qtr
£10,000 to £24,999	4.80	3.60	4.89	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Rates for non-personal customers				
£50,000 and above	5.25	3.94	5.35	Qtr
£25,000 to £49,999	4.75	3.56	4.84	Qtr
£10,000 to £24,999	4.50	3.38	4.58	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Deposit Acc	6.00	4.50	6.09	-
3 Mth Fixed Rate Deposit Acc	5.75	4.31	5.86	-
1 Mth Fixed Rate Deposit Acc	5.75	4.31	5.90	-
Humberclyde Finance Group 5 Bartley Way, Hook, Basingstoke 0256 760000				
£50,000+	5.25	3.94	5.35	Qtr
Leopold Joseph & Sons Limited 29 Gresham Street, London EC2V 7EA 071-588 2323				
Treasury High Interest Cheque Account				
£25,001–£100,000	4.50	4.6000	3.3750	Qtr
£100,001 plus	4.75	4.8400	3.5630	Qtr
Kleinwort Benson Ltd 158 Kentish Town Rd, London NW5 2BT 071-267 1566				
H.I.C.A. (£2,500+)	4	3.1875	4.07	Daily
Kleinwort Benson Private Bank (a division of Kleinwort Benson Investment Management Ltd) 158 Kentish Town Road, London NW5 2BT 071-267 1566				
H.I.C.A. (£2,500+)	4	3.1875	4.07	Daily
Lloyds Bank – Investment Account 71 Lombard St, London EC3P 3BS 0272 433372				
£100,000 and above	5.25	3.94	5.25	Yearly
£50,000+	5.15	3.86	5.15	Yearly
£25,000+	4.95	3.71	4.95	Yearly
£10,000+	4.75	3.56	4.75	Yearly
Midland Bank plc PO Box 2, Sheffield. 0742 529394				
Exchequer Acc £5000+	3.75	2.81	3.75	Yearly
£10,000+	4.50	3.37	4.50	Yearly
£25,000+	5.00	3.75	5.00	Yearly
£50,000+	5.50	4.12	5.50	Yearly
TESSA	5.25	-	5.25	Yearly
Nationwide Bldg Soc – BusinessInvestor Business High Interest Cheque Account Pipers Way, Swindon, SN38 1NW 0793 455599				
£2,000–£4,999	3.30	2.48	3.34	Qtr
£5,000–£9,999	3.80	2.85	3.85	Qtr
£10,000–£24,999	4.30	3.23	4.37	Qtr
£25,000–£49,999	4.80	3.60	4.89	Qtr
£50,000+	5.30	3.98	5.41	Qtr
Portman Bldg Soc Prestige Cheque Account Richmond Hill, Bournemouth, BH2 6EP 0800 163663				
£50,000+	5.50	4.13	5.50	Yearly
£30,000–£49,999	5.00	3.75	5.00	Yearly
£20,000–£29,999	4.50	3.38	4.50	Yearly
£10,000–£19,999	3.50	2.63	3.50	Yearly
£2,500–£9,999	2.50	1.88	2.50	Yearly
Rea Brothers Limited, Bankers Alderman's Walk, London EC2M 3XR 071-623 1155				
Professionals' Client Account	4.75	3.56	4.85	Mth
Professionals' Office Account	4.50	3.38	4.59	Mth
£5,000+ Instant Access Chq Acc	4.25	3.19	4.32	Qtr
Royal Bank of Scotland plc Premium Acc 42 St Andrew Sq, Edinburgh EH2 2YE. 031-523 8302				
£50,000+	3.75	2.81	3.80	Qtr
£25,000 – £49,999	3.50	2.63	3.55	Qtr
£10,000 – £24,999	2.75	2.06	2.78	Qtr
£5,000 – £9,999	2.00	1.50	2.02	Qtr
£2,000 – £4,999	1.50	1.13	1.51	Qtr
Save & Prosper/Robert Fleming 16-22 Western Rd, Romford RM1 3LB 0800 282101				
Client Account	3.75	2.81	3.82	Daily
TESSA Fixed 1 Year	4.65	-	4.75	3Mth
TESSA Variable	4.41	-	4.50	6mth
Tyndall Bank plc 29-33 Princess Victoria St, Bristol 0272 744720				
HIMA £5000+/Master Plus	3.625	2.719	3.675	Qtr
Demand/HIMA £10000+	3.750	2.813	3.803	Qtr
HIMA £50000+	3.875	2.906	3.932	Qtr
HIMA £100000+	4.000	3.000	4.060	Qtr
Tyndall TESSA	4.375	-	4.447	Qtr
ULC Trust Limited 1 Great Cumberland Pl, London W1H 7AL 071-258 0094				
£10,000–90 day notice	6.75	5.06	6.92	3-Mth
£10,000–180 day notice	7.50	5.63	7.64	6-Mth
£25,000 – 1 Year	7.25	5.44	-	Yearly
United Dominions Trust Ltd PO Box 92, Herts, EN4 0DY 081-447 2438				
Capital Plus Cheque Account				
£1,000+	4.75	3.56	4.84	Qtr
J. Henry Schroder Wagg & Co Ltd 120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc.	3.25	2.44	3.29	Mth
£10,000 and above	3.50	2.63	3.54	Mth
Western Trust High Interest Cheque Acc The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	4.75	3.56	4.84	Qtr
£5,000–£14,999	4.50	3.38	4.58	Qtr
£1,000–£4,999	4.25	3.19	4.32	Qtr

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

BANKS

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
ABN Amro Fl		222½	5.0	Q87%	ф	Sep May	1.6	–
ANZ A$		228	0.9	Q20c	0.7	Jan Jul	9.12	–
Abbey National	♣N☐	405	0.5	14.0	2.1	May Oct	14.3	6411
Allied Irish I£	♣N☐	251	0.4	Q82%	2.7	Oct May	28.2	1364
Anglo Irish I£	N☐	53	—	Q7.8%	1.7	Jan Jul	29.11	1365
Asahi Y		745¾	1.9	Q18%	1.3	Jun Dec	12'92	3049
Banco Bil Viz Pta		£15⅞	–.1	Q22.2%	2.7	JyOcJaAp	13.7	–
Banco Sant Pta		£30½	–4.2	Q38.1%	ф	MyJyOcJa	30.10	–
Bk Ireland I£	♣☐	260xd	1.6	Q14%	ф	Jul Dec	16.5	1380
Bank Scotland	♣♣☐	180xd	–.4	5.05	2.4	Dec Jul	16.5	1742
9¼pc Pf		120¾xd	2.8	9¼%	–	May Nov	25.4	1482
9⅜pc Pf		125½xd	2.4	9⅜%	–	May Nov	25.4	1895
Barclays	♣N☐	548	1.1	18.15	1.6	Oct May	14.3	1784
Dai Ichi Kan Y		£12⅝	0.9	Q19%	3.2	Jun Dec	27.9	–
Deutsche DM		£307⅞	–1.6	Q30%	–	May	24.5	–
Espirito Santo		£19⅞	–1.5	Q120c	5.2	Jun	4.5	5107
First Nat Fin	N☐	76	—	1.5	–	Mar	17.1	2571
6.3pc Cv Pf		84	1.2	6.3%	–	Jul Jan	4.1	2570
7pc Cv Pf		148½	–.3	7.0	–	Jul Jan	4.1	1468
Fuji Bank Y		1401½	–1.0	Q17%	2.3	Dec Jun	4.7	–
HSBC HK	N☐	772	4.9	23.5	2.2	Nov Jun	14.3	2798
HSBC (75p Shs)	N☐	757xd	4.7	23.5	2.2	Nov Jun	14.3	2776
Lloyds	N☐	566	–.2	22.1	2.1	Oct May	14.2	3171
Mitsubishi Y		£17½	–.7	Q17%	2.3	Jun Dec	12'92	–
Mits Tst & Bk Y		1015¼	–.4	Q18%	12.4	Jun Dec	12'92	–
Mitsui Tst & Bk Y		768	–1.0	Q17%	5.5	Jun Dec	12'92	–
Nat Aust A$	†	588¼	4.1	Q56c	1.7	Jul Jan	9.6	–
NatWest	N☐	485	–1.7	18.5	2.1	Oct May	28.2	3463
Ottomane FFr		327	–1.8	Q125%	ф	May	5'93	–
Ryl Bk Scotland	♣†N☐	430xd	0.5	12.0	1.9	Feb Jul	16.5	3874
Sakura Y		29⅞	1.4	Q17%	3.0	Dec Jun	12'92	–
Sanwa Y	§	£24⅛	0.6	Q17%	2.7	Jun Dec	12'92	–
Standard Chartd	N☐	1253½xd	–3.6	8.9	3.2	Jun Oct	14.3	4694
7 3/8pc Prf		95¾	3.2	7.37	–	Apr	14.2	1719
Sumitomo Y		£14⅜	–1.9	Q17%	6.7	Jun Dec	12'92	–
Sumitomo Tst Y		984⅛	–.9	Q17%	2.9	Jun Dec	12'92	–
TSB	N☐	219	0.9	7.65	1.8	Apr Oct	14.2	4326
Tokai Y		593⅜	4.2	Q18%	2.8	Jun Dec	12'92	–
Toyo Tst & Bk Y		736¾	–1.5	Q15⅞%	2.3	Jun Dec	30.6	–
Westpac A$		236	2.2	Q12c	ф	Jun Jul	21.12	–
Yasuda Tst Bk Y	‡	586½	0.2	Q15⅞%	2.3	Jun Dec	12'92	–

CHEMICALS

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
ABA SKr		£33⅞	0.4	Q40%	ф	May	28.5	–
Akzo Fl		£76¼	–1.1	Q32½%	1.6	Nov May	5'93	–
Allied Colloids	†N☐	268	–1.1	4.35	2.5	Aug Feb	17.1	1661
Amber Ind	†N	705	—	19.0	2.2	Jan Aug	29.11	1384
BASF DM		£131⅞	0.9	Q22.9%	–	Apr	5'93	–
BOC	♣N☐	736	7.9	23.2	1.0	Feb Aug	29.11	1880
BTP	♣†N☐	337	0.9	9.5	1.2	Feb Aug	13.12	1886
Bayer DM		£164½	0.4	Q22%	–	Apr	20.6	–
Brent	N☐	128xd	5.0	4.0	–	May Nov	11.4	1843
British Vita	N☐	272	–.5	7.4	1.5	May Nov	28.3	1827
Cambridge Isn $	*	22	—	–	–	–	11'91	2843
Canning (W)	♣N☐	186xd	1.1	7.25	0.8	Dec Jul	25.4	2051
Cementone	♣N	95	1.1	2.7	0.6	Oct Apr	6.9	3376
Warrants		42	—	–	–	–	–	3795
Courtaulds	†N☐	543	–.2	14.2	2.4	Jan Aug	29.11	2259
Croda	N☐	366xd	–2.7	8.4	2.2	Dec Jul	11.4	2276
Doeflex	♣N	125xd	–.8	4.6	1.9	May Nov	11.4	2299
Engelhard $		£17½	5.6	Q44c	–	MaJnSeDe	5'93	–
European Colour	♣†☐	46	12.5	0.80	2.4	Jul Jan	15.11	6172
Gibbon Lyons	♣†	141	—	5.2	1.8	Feb Oct	13.12	2880
Hickson	♣N☐	180xd	–3.0	8.0	1.3	Jun Nov	11.4	2885
Hoechst DM		£143⅞	1.6	Q18%	–	Apr	4'93	–
Holliday Chemical	♣☐	223xd	—	4.0	2.6	Oct May	14.4	2019
ICI	N☐	825	0.9	27.5	0.6	Oct Apr	14.3	2267
Inspec	☐	230	—	–	–	–	–	3009
Kalon	♣N☐	104	–3.7	4.2	2.3	Oct May	14.3	3072
Laporte	♣N☐	760	–2.6	30.7	1.7	May Nov	28.3	3135
MTM	♣☐	76	2.7	–	–	–	6'91	3250
Manders	N	366	—	19.9	1.9	Nov May	14.3	3276
McLeod Russel	N☐	169	3.6	6.1	1.1	Jun Jul	29.11	3323
Metrotect Inds	W☐	111	—	3.34	2.2	Feb Aug	13.12	2860
Perstorp SKr		£20½	–.6	Q40%	2.0	Feb	1'93	–
Porvair	♣N	327	0.6	4.2	3.0	Apr Oct	28.2	4081
Scapa	♣†N☐	280	2.5	5.85	2.1	Feb Aug	13.12	3935
Wardle Storeys	N☐	408xd	0.5	17.25	1.1	Jul Jan	25.4	4431
Wolstenholme	♣N	675	—	18.0	2.1	May Nov	28.3	4520
Yorkshire	♣N☐	465	–.2	8.1	2.5	Apr Oct	28.2	4581
Yule Catto	☐	319xd	–4.6	6.25	ф	Jul Nov	25.4	4607

BREWERIES

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Ascot Hldgs	☐	6¼	4.2	–	–	–	–	2515
Bass	†N☐	537	–6.3	20.65	1.8	Feb Jul	13.12	1772
Boddington	N☐	275	0.4	8.63	2.2	Apr Oct	14.3	1862
Burtonwood		182	1.1	4.78	2.8	Feb Aug	15.11	2022
Eldridge Pope A	♣N	169	12.0	5.55	1.8	Feb Jul	4.1	2435
Fosters A$		66½	–1.4	Q8c	0.3	May Oct	22.9	2434
Fuller STA	♣†	429	0.2	7.82	3.2	Aug Jan	4.1	2643
Gibbs Mew	♣†	420	—	8.25	2.5	Oct Apr	14.2	2699
Greenalls	♣†N☐	436xd	–1.3	12.61	1.9	Jul Feb	16.5	2766
Greene King	†N☐	469	–1.9	12.45	2.6	Aug Feb	4.1	2769
Grosvenor Inns	♣†ψ	135	–.7	4.5	1.7	Mar Sep	14.2	–
Halkin		61	–1.6	–	–	–	–	3410
Holt (J)		£27⅝xd	1.1	49.0	ф	Jun Oct	16.5	2812
Kirin Y		784	–1.4	Q20%	4.2	Mar Sep	–	1119
Mansfield	†N	201	—	4.0	3.6	Jan Aug	13.12	3282
Marston Thomp	†N☐	276	–1.4	5.56	3.2	Jan Aug	29.11	3301
Morland	N	503	1.6	9.74	3.0	Jul Feb	29.11	3419
Paramount	♣♣N☐	18¼	5.1	0.15	3.7	Jan	18.10	2050
Regent Inns	♣†N	343	0.4	4.8	1.9	Apr Nov	14.3	2190
Scott & New	†N☐	546	0.7	17.86	1.8	Feb Sep	4.1	3844
United Breweries	♣N☐	5½	–8.3	–	–	–	–	3677
Vaux	♣†N☐	275xd	0.7	9.8	1.5	Feb Jul	16.5	4392
Wetherspoon (J.D.)	†N☐	384xd	—	5.8	2.3	May Dec	14.3	1018

DISTRIBUTORS

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FT-SE Actuaries Share Indices.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind		£28½	—	Q375c	1.9	Oct Apr	3'93	–
Barlow		95	-7.0	Q173c	1.7	Jan Jul	13.12	–
Gold Flds Prop R		91	—	Q50c	1.2	–	31.1	–
HK Props	s	98	—	Q44.7c	0.3	Feb Oct	19.10	–
SASOL	♥	398	-9.5	Q78c	–	Oct	23.9	3019
SA Brews		£13⅜	-3.5	Q139c	2.2	Dec Jun	13.12	–
Tiger Oats	†	888	-7.5	Q85c	2.8	Jul Feb	29.11	–
Tongaat-Hulett	†	630	0.6	Q75c	2.4	Feb Aug	4.1	–

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♣ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend.
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend.
h Assumed dividend after scrip issue.
m Interim higher than previous total.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend includes a special payment.
t Indicated dividend: cover relating to previous dividend.
u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings.
v Not subject to ACT.
z Dividend includes a special payment: Cover does not apply to special payment.
F Dividend based on prospectus or other official estimates for 1994-95.
G Assumed dividend after pending scrip and/ or rights issue.
H Dividend based on prospectus or other official estimates for 1993.
K Dividend based on prospectus or other official estimates for 1994
L Estimated annualised dividend, cover based on latest annual earnings.
M Dividend based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994.
Q Gross.
R Forecast annualised dividend, cover based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend total to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: Ashanti Gold (Extrc Inds), JF Asia Select and JF Indonesia Fd Ord and Wrts (Inv Co's), Beta Global Emrg C, Govett Global Smllr and Templeton Emrg C (Inv Tsts), British Bio Wrts (Pharms) and Nottingham (Ret Gen). Deletions: Molynx (Elec & El Eqpt), Second HGSC Inv (Inv Tst), USF & G (Insce), Lawson Mardon (Pap Prtg & Pckg) and Unilab (Amers).

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4 pm close May 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	1994 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅞	14⅛	AAR	0.48	3.3	491	68	14⅝	14⅝	14⅝	-⅛
16⅞	13⅞	A L Labs A	0.16	1.3	31	88	13¾	13½	13⅝	-⅛
65¾	57⅞	AMP	1.88	2.6	23	2119	65⅞	65¼	65¼	-⅛
72⅞	62¼	AMR			28	4070	65⅞	64⅝	65¼	-⅛
5	3⅝	ARX			14	345	4⅛	4⅛	4¼	+⅛
50¼	38⅝	ASA x	2.00	4.7	23	1397	43¾	42⅝	43	+⅛
30⅝	25⅞	Abbot.	0.76	2.6	17	6181	29⅝	28⅞	28⅞	+⅛
13¾	11⅞	Abbtl Pr	0.50	4.1	8	550	12¼	12¼	12¼	+⅛
13¾	11⅛	Acptncoln			22	2	12⅛	12⅛	12⅛	+⅛
31	24½	ACE Ltd	0.44	1.5	4	186	28½	28¼	28½	+⅛
12½	10⅛	ACM Gvt In	1.08	10.1		280	10⅝	10¼	10⅝	+⅛
10⅛	7⅞	ACM GvOpp	0.80	9.2		107	8⅝	8½	8⅝	
10⅝	8⅝	ACM Gvt Sp	0.98	11.1		268	8⅝	8½	8⅝	+⅛
12	9¼	ACM Gvt Sc	1.06	11.2		556	9⅝	9½	9¾	+⅛
11¾	8¾	ACM Mun	1.08	11.7		138	9⅝	9¼	9¼	
9⅝	8	ACM Managd	0.72	8.6		103	8½	8⅜	8⅜	-⅛
15½	8¾	AcmeClv	0.44	4.0	13	103	11¼	10⅞	10⅞	+⅛
8½	7	Acme Elect			5	12	7	07	7	
28½	22	Acordia	0.60	2.1	14	17	x28¼	28⅜	28⅜	+⅛
8⅝	5¾	Actava	0.36	4.4	2	250	8¼	8⅛	8¼	+⅛
15½	11⅛	Acuson			114	697	x15¼	14¾	14⅞	
18⅝	16½	Adams Expr x	0.48	2.8	0	253	17⅛	16⅞	17	+⅛
64	49½	Ad Micro	3.00	5.6		554	54¼	53½	54	+½
31⅞	18⅞	Adobe	3.00	11.9	10	4224	25¼	25⅛	25¼	+⅛
6⅞	5	Advest Grp	0.16	3.0	6	13	5⅜	5¼	5¼	+⅛
20	16⅞	Advo Inc	0.10	0.6	112	55	17¼	16⅞	16⅞	+⅛
57¼	46⅝	Aegon ADR x	2.85	5.4	12	10	54⅞	54⅞	54⅞	
65⅞	49¾	Aetna L	2.76	5.0	6	1462	55¼	54⅞	55¼	+⅛
32⅞	25¼	Affiliat x	0.46	1.4	14	865	x32⅞	32	32⅞	+⅛
20¼	16⅞	Ahmanson	0.88	4.8	12	2054	18¼	18¼	18¼	+⅛
4	1⅞	Aileen Inc			1	44	2⅞	2⅞	2⅞	+⅛
49⅞	38⅞	AirPC	0.92	2.2	23	1822	42¼	42	42	-⅛
39⅞	31½	Akzo Pri	0.30	0.8	22	735	38	37½	38	
28	19⅞	Algas Inc			44	861	25½	25⅛	25⅞	+⅛
16⅞	14⅞	Alabama	1.84	11.7	12	99	15¾	15½	15¾	+⅛
24⅞	21⅞	AlrTch				10959	24⅞	24⅞	24⅞	
198½	101	AlaPwrA.16	8.16	7.8		3	104	104	104	
19⅞	13⅞	Alaska Air	0.20	1.3	9	632	16	15¾	15⅞	
21¼	17⅞	Albany Int	0.35	1.9	31	113	18¼	18	18	-⅛
15⅞	13⅞	Albrtsl	0.20	1.4		576	15⅞	14¾	14¾	-⅛
25½		AlbCoS	0.28	1.4	13	111	20¼	20⅛	20⅛	-⅛
21¼	17⅞	AlCstvr A	0.28	1.6	13	201	17⅞	17¼	17¼	
30⅞	23⅞	Alcan	0.44	1.6	21	4299	27⅞	27	27¼	
25¼	19⅞	AlcoN x	0.30	1.3	40	3414	22⅞	22⅞	22⅞	
58⅞	49½	AlcoSr x	1.00	1.7	140	976	57⅞	57⅞	57⅞	
30½	23¼	AlexBrown	0.60	2.2	4	157	28	27½	27½	-⅛
22	14	Alexfr	1.00	7.5	26	1966	14⅞	14¼	14⅞	
24⅞	17	Allegh Lud	0.48	2.7	16	3957	18¼	17½	17⅞	+⅛
28½	20⅞	AllegP	1.84	7.7	11	1145	21½	21¼	21⅞	
18⅞	13½	Allen Con	0.18	1.0	13	426	17⅞	16⅞	16⅞	
22⅞	20	Allergan x	0.40	1.6	16	636	24⅞	24½	24⅞	+⅛
4⅞	1½	AllNet			7	47	2	1⅞	2	+⅛
27¼	17¼	Alliance Cap	1.84	6.1	21	399	30¼	19⅞	30¼	+⅛
10½		Alliance Gl	0.18	1.9		47	9½	9⅛	9½	+⅛
27⅞	21⅞	Alld Irish	1.24	5.4	14	27	23	22⅞	23	-⅛
40⅞	33⅞	AllStg x	0.67	1.9	7	4867	35½	34¼	34⅞	-⅛
29½		Allied Cp	0.88	3.3	19	969	26⅞	26⅞	26⅞	
5⅞	4⅞	Allwaste			19	544	5	4⅞	5	
27¾	21¼	Alumax			8	878	25½	24⅞	25½	+⅛
62	54¼	Alcoa	1.80	2.2	96	1657	72	71	71⅞	+⅛
30¼	20¼	Alza Cp A			45	2881	25¼	24½	24⅞	-⅛
11⅛	8¼	AmBiolac	0.98	11.0		342	8⅞	8¼	8¼	
8¼	6¼	Am Precis	0.25	3.8	24		7	7¼	7	
8¼	6¼	AmpGld	0.08	1.0	6	3020	8	7⅞	7⅞	+⅛
26⅞	20⅞	Amcast Ind	0.48	2.2	14	162	21⅞	21½	21½	
51⅞		AmBdks	0.60	1.2	21	1504	51	50⅞	50⅞	
9⅞	8⅞	Am Adj R	0.24	2.6		398	9¼	9	9¼	+⅛
31	20½	Am Barrick	0.10	0.4	33	16322	24⅞	23⅞	24⅞	+⅛
35⅞	29⅞	AmBrnd	2.00	6.6	9	3293	30⅞	30⅞	30⅞	
19¼	17¼	Am Bshd M	0.92	5.2	12	6	17⅞	17¼	17¼	
25¼	20⅞	Am Bus Prd	0.80	3.7	14	31	21⅞	21½	21½	+⅛
8	6⅞	Am Cap Inc x	0.65	9.2		48	7¼	7	7	
20½	17½	Am Cap Bd	1.54	8.6	31	67	18¼	18	18	
23½	19¾	Am Cap CV	1.08	5.2	0	6	20¾	20⅞	20⅞	+⅛
51⅞	42¼	AmExpn x	1.35	3.6	29	1880	x52	51½	51⅞	+⅛
37½	27¼	AmEPw	2.40	8.4	14	2699	28⅞	28⅞	28⅞	+⅛
33⅞	26⅞	AmExpr	1.00	3.3	13	13978	30¼	29⅞	30¼	+⅛
28⅞	24⅞	AmGenl	1.16	4.4	22	5105	26⅞	26½	26¼	+⅛
9¼	6⅞	Am Govt In	0.77	10.6		497	7¼	7¼	7¼	
27¼	24½	Am Hlth Pr	2.30	8.8	9	365	26¼	25½	26	+⅛
20¼	16⅞	Am Heritge x	0.66	3.6	10	107	17⅞	17	17¼	+⅛
65⅞	55¼	Ameritrade x	2.92	5.2	11	4557	56¼	55⅞	56¼	+⅛
2⅞	2¼	Am Hotels	0.75	30.0	8	80	2½	2½	2½	
93½	71½	Amhrst	0.40	0.4	15	8230	90¼	92	92⅞	+⅛
11¼	8½	Am Opp Inc	1.00	11.4		414	9	8¾	8¾	
27⅞	23⅞	AmPress	0.88	3.2		407	27⅞	26½	27½	+1
34	19	Am Presdt x	0.40	2.0	7	949	20½	20	20	
8⅞	7⅞	Am Real Est	0.44	5.8	5	84	7¾	7⅞	7⅞	
27¼	21	AmStor	0.48	1.9	7	1374	25	24⅞	24⅞	+⅛
22½	18	Am Wstr 5%	1.25	6.6		290	19	19	19	-⅛
32⅞	27	Am Water	1.08	3.9	12	108	27¼	27½	27⅞	
43⅞	38¼	Amrtch	1.92	4.8	14	9975	40¼	39⅞	39⅞	
43½	35⅞	Ameron Inc	1.28	3.5	6	11	36½	35	36¼	+⅛
14⅞	11⅞	Ametek	0.24	1.7	142	564	x14½	14¼	14¼	
57¼	50⅞	Amocco	2.20	3.8	15	2993	x58¼	58⅞	58⅞	
9⅞		AmpcoPitt	0.10	1.2	6	7	8¼	8¼	8¼	
4⅞	3¼	Amra Inc	0.12	3.4	56	7	3⅝	3½	3½	
32¾	29⅞	Amsouth	1.40	4.5	10	437	31⅞	31¼	31⅞	
4¼	3⅛	Amscorp			12	1149	3⅞	03¼	3⅞	+⅛
58½	42½	Amsterdm	0.30	0.5	81	2677	59¼	58⅞	57¼	
31⅞	23⅞	Analog			27	3168	28¼	27¼	27⅞	+⅛
29⅞	24½	Angelica	0.94	3.8	23	77	26⅞	25⅞	26	
54⅞	47⅞	AnBsch	1.44	2.6	25	3148	54¼	54¼	54½	+⅛
26¼	25⅞	ANR PrefF x	2.67	10.6		3	x25½	x25½	25½	
34	23	Anthem			17	161	26	25⅞	26	+⅛
18⅞	14¼	Anthony In	0.44	3.0	14	67	14⅞	x14⅞	14⅞	
35	30	Aon Cp	1.92	5.8	8	719	34¼	33	34	
29	22¼	Apache Cp	0.28	1.0	38	2965	27¼	26½	26⅞	
10⅞	9½	Apex Mun Fr x	0.73	7.5		173	9⅞	9⅞	9¾	
18½	14⅞	APH			29	2021	17⅞	16⅞	17	
7⅞	5	Appld Mag			1	196	5½	5½	5½	
27⅞	22⅞	Appl Pw A x	0.12	0.6	33	26	21	20⅞	20⅞	
27⅞	22⅞	ArchDn	0.10	0.4	18	3757	23⅞	23¼	23¼	
50½	43½	Arco Chem	2.50	5.4	20	16	54⅞	54⅞	54⅞	
51⅞	47	Armco 4.5P	4.50	9.2		9	48⅞	48⅞	48⅞	
6⅞	4½	Armco			2	2882	5⅞	5¼	5½	
29	23⅞	Armco 2.1P	2.10	8.6		2100	24½	24½	24½	
57½	48¼	Armstrg	1.28	2.4	39	1708	52⅞	52⅞	52⅞	
45¼	33⅞	Arrow Elec			15	781	39⅞	38⅞	38⅞	
7⅞	4⅞	Artra Grp			5	2	5	5	5	
33¾	24½	Arvin Ind	0.76	3.1	13	463	24⅞	x24¼	24⅞	
27⅞	21⅞	Asarco x	0.40	1.6	80	1123	26½	25¾	25¾	
31¼	22½	Ashld Coal x	0.40	1.6	10	100	25½	24½	25½	
44½	34	AshOil	1.00	2.7	13	1682	37⅞	36¾	37	
25⅞	16⅞	Asia Pac F	0.27	1.4		80	19⅞	19⅞	19⅞	
3½	1⅞	Asset Inv	0.20	6.7	1	337	3	2⅞	3	
36⅞	31¼	Ass Nt Gas	0.12	0.3	25	185	x37	36¾	37	
57¼	49½	AT&T	1.32	2.3		30413	x57⅞	56⅞	56¾	
102½	236½	Atl Rich 2 x	2.00	1.2		3	241¼	241¼	241¼	
38⅞	34	Atlanta Gas x	2.06	5.9	15	115	36⅞	36	36¼	
9¼	8¼	Atlas Sea	0.28	4.5	6	65	8¼	8¼	8¼	
21¾	17¼	Atlntic Egy	1.54	8.6	10	481	18⅞	17⅞	18	
112⅞	82½	AtlRch x	5.50	5.3	62	4744	103½	102½	103½	+⅛
10	4¼	Atlas			1	207	7⅞	7⅞	7⅞	
20¼	17¼	Atmos Engy x	0.88	4.8	9	69	18⅞	18¼	18⅞	
12½	8¼	Atlanta ADR	0.40	5.0	4	219	9⅞	9⅞	9⅞	
24⅞	17½	Augat	0.40	2.0	24	276	20½	20¼	20¼	
12⅞	8¼	Avalon Pd	1.00	1.0	22		9¼	9⅛	9⅛	
52½	47⅞	AvData	0.52	1.0	23	3945	51⅞	51¼	51⅞	+⅛
20¼	14½	Avemco	0.44	2.8	11	13	15⅞	15¾	15⅞	
19	14	Avnet	0.04	0.3	3	570	14⅞	14½	14½	
45	30¼	Avnet	0.60	1.8	18	1017	34	33	33½	
81¼	48⅞	AvonPr x	1.80	3.0	17	2175	59⅞	59¼	59¾	
14¼	11¾	Aydin Corp			11	76	12	12	12	
7⅞	5⅞	Aztar			23	932	6⅞	6⅞	6⅞	

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1994 High	1994 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36¾	34¼	BCE	2.65	7.7	23	1785	35⅞	35	35	
8½	7	BET ADR	0.16	1.9	32	11	7⅞	7⅞	7⅞	
3⅞	3	Balmoc	0.20	5.3	6	14	3¾	3¾	3¾	
17⅞	16¼	Baker Fent x	0.40	2.4		99	17¼	17	17	
22⅞	17	Bakerfl	0.48	2.3	46	4360	20½	19¾	20½	+⅛
27¼	21½	Baldor Elc	0.40	1.8	21	30	23	22¾	23	+⅛
21⅞	14⅞	BallCo	0.60	2.0	25	532	x30½	29	30¼	+⅛
15¼	11⅞	BltMtl	0.05	0.4	16	162	13	12½	12¾	
9⅞	8⅞	Bally			11	1205	7	6⅞	6⅞	
25½	20½	BalstE	1.48	6.7	11	2215	22¼	21⅞	22¼	
19¾	13⅞	Balt Brkcp	0.20	1.0	29	1205	19⅞	19⅞	19⅞	
35½	30¼	BncOne	1.24	3.8	11	6842	33¼	32⅞	32⅞	+⅛
29½	19¼	BancPrds			10	138	x28¼	28⅞	28⅞	
25½	20¼	BancWV	1.54	6.3	8	287	24½	24⅞	24¼	+⅛
11⅞	9½	BancGnsh	0.72	6.6	5	20	11	10⅞	10⅞	
32⅞	27	BcpNwJrsy x	1.04	3.2	7	247	32½	32¼	32¼	+⅛
1¾	1¼	BancTexas			50	195	1½	1⅜	1½	+⅛
63½	49¼	Bandag	0.70	1.4	17	121	51⅞	50⅞	51	-⅛
49¼	36¼	BankAm x	1.60	3.4	9	9868	46¼	47¼	47⅞	+⅛
66	59¼	Bank Bost x	5.68	8.4		6	67	66	67	
27¼	22¼	BkBstn	0.88	3.2	11	5878	27⅞	26⅞	27¼	+⅛
49¼	40¼	Bk Bostn P x	3.25	8.0		5	40⅞	40⅞	40⅞	
29¼		BkNY	1.10	3.8	6	5899	29⅞	29¼	29¼	
50½	47½	BankAm A x	3.25	6.6		40	48¼	47⅞	48	+⅛
95	61	BankAm B x	6.00	7.2		7	83⅞	83	83¾	
94⅞	84½	BnkTok	3.60	5.4	5	1805	67⅞	66½	66½	+⅛
38¼	30	Bdleys	1.29	3.9	87	8	33	32¾	33	
30½	22⅞	Bard (C R)	0.56	2.3	20	1048	24⅞	23⅞	24¼	+⅛
38¼	29½	Barnes Grp	1.40	3.8	51	23	38¼	38	38	+⅛
48¼	36⅞	BarrMk	1.84	3.8	11	1336	48⅞	46⅞	46⅞	+⅛
12½	8⅞	BstMkt	0.05	0.5	207	4667	10½	10¼	10⅞	+⅛
53⅞	42⅞	Bausch	0.68	2.0	19	1533	50¼	49½	49½	
28¼	21⅞	Baxter	1.00	4.0	35	7612	25¼	24⅞	25	
28⅞	22⅞	Bay St Gas x	1.48	6.0	14	72	24⅞	24	24¼	
22½	19¼	Bd Tr 1838	1.72	8.3		24	21⅞	20¾	20¾	
23½	17½	Bear Sterns x	0.37	2.3	9	4969	21⅞	21½	21⅞	
50	40½	BeatSPN	2.63	5.7		2	46½	46½	46½	
37½	27¼	Beatrice x	1.84	2.0	22	58	31½	31½	31½	
29¼	23	Beckman In x	0.40	1.7	19	423	24⅞	23¾	24⅞	
40¼	34½	BecDck	0.74	1.9	13	1401	39½	38⅞	39⅞	+⅛
7¼	5	BedFr	0.36	5.3	3	47	6⅞	6¼	6¼	+⅛
59⅞	49	BellAtl	2.76	5.2	15	4904	54⅞	53½	53½	+⅛
19¼	14½	Bell In	0.40	2.5	14	288	16¼	15⅞	15⅞	+⅛
63½	53	BellSth	2.70	4.6	28	7074	60⅞	59⅞	60¼	+⅛
55	45½	Bellp A x	0.60	1.2	22	552	50¼	49⅞	49⅞	+⅛
24⅞	20½	Bemis x	0.54	2.2	27	1322	25	24	24½	+⅛
69	59½	Bergf 4.3P	4.30	7.4		6	59	x59¼	59¼	-1
40⅞	34½	Berlnd	1.52	4.1	12	1176	37⅞	36½	37¼	+⅛
36⅞	29¼	Berkshire A	0.42	1.2	21	166	36½	35	35	
1⅞	1⅛	Bergnst B	0.04	4.3	4	168	1⅞	1⅞	1⅞	+⅛
19⅞	14⅞	BergBr	0.48	2.8	23	378	17½	17¼	17¼	+⅛
16600	16100	BerkH			44	x30	16400	16250	16400	+200
9⅞	8	Berry Petr	0.40	4.6	143	71	8⅞	8½	8⅞	
37¼	19	Best Buy			18	1631	30	29¼	29½	-½
28½	26⅞	Beth St 2.	2.80	9.4		10	26⅞	26⅞	26⅞	+⅛
55⅞	51½	Bethlm Pf	5.00	9.5		7	52⅞	52⅞	52⅞	+½
24½	16¼	BetSt	0.40	2.1	6	2715	18¼	18⅞	18¼	+⅛
53⅞	43⅞	Betz L	1.40	3.0	22	113	46¼	46¼	46¼	+⅛
16⅞	12⅞	BevDist			31	1774	14	13¾	14	+⅛
21¼	13⅞	Biocraft	0.10	0.7	23	98	16	15⅞	15⅞	+⅛
32⅞	25	Birmingm S	0.40	1.4	65	959	29⅞	28⅞	29⅞	+⅛
22⅞	16½	BlDeck	0.40	2.2	18	1428	18⅞	18	18¼	+⅛
22¼	20½	Black H Pl. x	1.32	6.3	12	35	21⅞	20⅞	21	
10¼	8½	BlackStrat x	0.73	8.1		138	9	8⅞	9	+⅛
8½	6⅞	BlckHlth x	0.76	10.9		662	7	6⅞	6⅞	
10¼	8⅞	BlckrXTgt x	0.70	7.7		280	9⅛	9	9½	+⅛
43¼	39½	Block	1.12	2.7	24	2780	42¼	41	42	+⅛
31⅞	23⅞	Blockbl	0.10	0.4	23	6318	26⅞	26⅞	26⅞	
8⅞	6⅞	Blue Chip	0.12	1.8		59	6⅞	6¾	6¾	+⅛
27⅞	19½	BMC Ind			14	1054	24⅞	24⅞	24⅞	+⅛
48⅞	42⅞	Boeing x	1.00	2.3	12	8258	44¼	44	44¼	
27⅞	19	BoiseC	0.80	2.9	6	4123	28⅞	28⅞	28⅞	+⅛
21⅞	10½	Bolt B & N	0.08	0.5	30	321	12½	12¼	12⅞	+⅛
14¼	6⅞	Bordn Chm	0.84	6.1	x346	2076	14¼	13¾	13⅞	+⅛
18¾	11⅞	Borden x	0.60	3.3	14	4431	18½	18	18⅞	+⅛
21	18½	Bosch Calt	1.25	6.2	6	8	20	19⅞	20	
24⅞	20⅞	Bowatr	0.80	2.8	12	957	29⅞	28⅞	28⅞	
31¼	18¾	Brazil Fnd	0.27	1.2		1092	23⅞	22⅞	22⅞	+⅛
34⅞	30½	BRE Prop	2.40	7.7	7	78	31⅞	30⅞	30⅞	+⅛
90¼	77¼	BrdgSt	1.84	2.3	14	205	81⅞	81¼	81¼	
33¼	22¼	Brinkerint			22	1791	28⅞	28	28⅞	+⅛
59¼	50½	BrtnSyk	2.92	5.4	14	8251	54¼	54¼	54¼	+⅛
74⅞	59½	Br Air	1.18	2.1	13	455	57	56⅞	57	
54¼	42¼	Brst Sqb	3.07	6.9	24	4695	44⅞	44⅞	44⅞	+⅛
73½	55⅞	BP	2.25	3.1	23	3341	72	71⅞	71⅞	
27	19¼	BP Prudhoe	0.91	4.4	6	129	20⅞	20¼	20⅞	
23⅞	18	BSteel	0.19	0.9	21	102	21¼	21½	21½	+⅛
37	31	BT	3.01	5.2	15	1024	58⅞	58	58⅞	+⅛
26⅞	23¼	BtlyInl	1.35	6.9	13	129	23	22⅞	22⅞	+⅛
38⅞	32⅞	BrwnGp	1.60	4.3	94	118	37¼	35⅞	37	+⅛
8	5	BrwnSh	0.32	5.2	4	10	6¼	6	6¼	
91½	83¼	BrwnFrmB	2.84	3.2	15	161	90⅞	89⅞	90	
30¼	24¼	BrFerr	0.68	2.4	23	1824	28½	27⅞	28¼	+⅛
45	32	BRT			10	12	4⅞	4¼	4⅞	+⅛
25⅞	17⅞	Brunswk x	0.44	1.8	43	1765	24⅞	24¼	24¼	
17¼	13⅞	Brush Well	0.20	1.2	42	760	x17¼	16½	17⅞	+⅛
41	35¼	Buckeye Pt	2.80	7.6	10	31	37	36⅞	36⅞	+⅛
16¼	14⅞	Bunker Hill	1.72	11.4	0	163	15⅞	15	15⅞	
17	16⅞	Burger K I	1.56	9.3	19	24	16⅞	16⅞	16⅞	+⅛
29¼	18	Burl Coat			14	583	20⅞	19⅞	19⅞	+⅛
26⅞	22¼	Burlnd	1.20	2.2	18	1107	57⅞	55⅞	55⅞	-1⅞
48⅞	41⅞	Burlin Resc	0.55	1.3	21	4215	43	42⅞	42⅞	+⅛
19⅞	17	Burndusk Pc	1.40	7.8	23	178	18	17¼	17⅞	

- C -

1994 High	1994 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35⅞	28	CBI x	0.48	1.8	30	778	29⅞	29¼	+1⅛	
32¾	269	CBS x	2.00	0.7	14	299	307	302	302½	-2¼
¾	⅜	CF Inc Uts	0.16	42.7	0	50	⅜	⅜	2	
25	20¼	CMS En	0.72	3.2	11	394	22¼	22	22¼	+⅛
82¼	62½	CNA Fn			31	153	66¼	65⅞	66¼	+⅛
50½	44¼	CPC	1.36	2.9	15	1757	46¼	45¼	46½	
17⅞	14	CPI Corp x	0.56	3.8	16	34	15¼	14⅞	14⅞	+⅛
27⅞	21	CSX x	1.76	2.4	21	2755	78	73¼	73¼	-2¾
25½	19½	CTS Corp	0.40	1.6	19	6	25½	25½	25½	
24⅞	18⅞	CableSWire	0.28	1.3	19	446	21⅞	21⅞	21⅞	
128½	69¼	Cablevsn			24	1043	98⅞	95⅞	95

4 pm close May 20

NYSE COMPOSITE PRICES

Continued from previous page

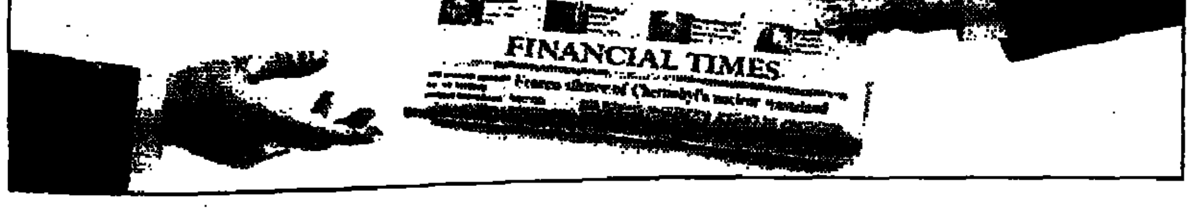
1994 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close	Chng Prev. Close
27	19¼	Safeway			24	2311	24⅝	23⅝	24⅛	
6⅝	4⅞	SafewayW96				231	5⅝	5⅝	5⅝	
57⅞	50½	StJoePaper	0.20	0.4	290	7	55⅛	55¼	55⅝	-⅛
30¼	26½	StJosL&P	1.80	6.4	14	4	28¼	28¼	28¼	+¼
90	75⅝	StPaul	3.00	3.9	7	987	78¼	77½	77⅝	-⅝
9⅞	6⅞	Salant Crp			8	14	6¾	d6⅝	6⅞	-⅛
49⅞	37¾	Sallie Mae	1.40	3.5	8	12558	40	38½	40	+2
13⅞	11⅞	Salomon Br	0.28	2.3		673	12⅜	12¼	12⅜	+⅛
52¾	44¾	Salomon	0.64	1.2	7	3032	52⅝	51½	52½	+⅞
25	18⅝	SDgGE	1.52	7.7	10	879	19⅝	19½	19¾	+¼
10	7½	SantaFeERe	0.16	1.8	9	2187	8⅞	8⅝	8¾	-⅛
40	34½	SantaFePac	2.80	7.7	17	60	36½	36	36¼	-¼
28¼	19⅜	SanFeP	0.10	0.4	12	7200	22½	21⅞	22⅜	+⅝
26	20⅛	SaraLee	0.64	3.0	14	11884	22⅛	21⅝	21⅝	-⅜
50⅛	42¼	Scana Corp	2.82	6.3	11	142	44¾	44⅛	44½	-⅛
20½	13¾	Scecorp	1.42	10.1	9	8516	14¼	14	14⅛	-¼
40½	34⅛	SchererRP			27	158	36¼	35½	35⅝	-⅛
69⅜	54½	SchPl	2.04	3.2	15	3749	64⅞	64	64⅞	+⅛
61½	50¾	Schlmb	1.20	2.1	23	6508	57⅞	56⅝	57⅜	-¼
33	26¾	SchwabC	0.28	0.9	14	1302	31⅝	31	31¼	-⅜
10¾	6⅞	Schwitzer			23	55	8½	8⅜	8⅜	-⅛
36⅞	24⅞	SciAtl	0.12	0.3	70	1147	35½	34⅞	35⅛	+⅝
16⅞	13⅛	Scotsmn	0.10	0.7	13	133	14⅝	14⅝	14⅝	
47¾	37¼	ScottP x	0.80	1.7	12	1959	u47¾	46⅞	47⅝	+¼
28⅝	19⅝	ScuddNAsF	0.21	0.9		70	23⅛	22⅝	22⅝	-⅛
12⅝	9⅞	ScuddNEuF	0.16	1.4		48	11¼	11⅛	11⅛	-⅛
18¼	13½	SeaCnG	0.70	4.4	7	71	16½	15¾	15⅞	-½
16½	15⅛	SeaCl1.4625	1.46	9.2		7	16⅜	15⅞	15⅞	-⅝
31	26¼	Seagrm	0.56	1.9	37	2495	29¼	29	29⅛	+⅛
29¾	23	Seagull En			34	762	28⅞	28⅜	28⅜	-½
31⅝	26⅝	Sealed Air			29	98	27½	27¼	27¼	-⅛
55⅝	42⅛	SearsR	1.60	3.1	8	15802	50⅝	48¾	50⅞	+1⅛
13¾	11¼	Seligm Sel x	0.84	7.1		288	12	11¾	11¾	
39¼	26⅝	Sensormat	0.22	0.7	31	1483	30⅞	30½	30⅞	+¼
39¼	27¼	SequaA	0.60	1.9	5	64	31⅝	31⅛	31¼	-¼
40¼	28	SequaB	0.50	1.6	17	65	32	32	32	
28	22½	ServCp	0.42	1.8	19	1584	24⅛	23⅞	23⅞	-½
28⅛	22	SvMstr	0.92	3.8	12	259	24⅛	23⅞	24	-⅛
26	16⅞	Shaw Ind	0.22	1.2	22	8274	18½	17⅞	18⅛	+⅛
24	18¾	Shawmut Nt	0.80	3.4	21	2398	23¾	23½	23½	-¼
14⅝	11⅝	Shelby Wil	0.28	2.4	25	8	11⅝	d11⅝	11⅝	
67⅜	56⅞	ShellTr	3.07	4.6	21	965	66⅞	66¼	66½	-½
36¾	29½	SherW	0.56	1.9	16	2772	30⅛	29⅞	29⅞	-¼
25⅝	16¼	Shoneys			11	1157	16⅞	16½	16⅝	-⅛
22⅞	15½	Showboat	0.10	0.5	29	702	20⅝	20¼	20½	+⅛
20⅛	17¼	Sierra Pac	1.12	6.1	10	176	18½	18⅛	18¼	-¼
7⅞	5⅛	SignalApp			1	18	u7⅞	7½	7¼	-⅛
43⅞	34½	Signet Bnk	1.00	2.4	13	2488	41⅝	41¼	41⅜	+⅛
26⅞	20½	SiliconGr			31	4241	24	23⅝	23⅝	-⅜
13⅞	11¼	Sizeler x	1.08	8.7	33	190	12½	12¼	12⅜	+⅛

Price data supplied by Telekurs

AMEX COMPOSITE PRICES

4 pm close May 20

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Pentel	0.80	52	76	12½	12⅜	12½	+¼
Pitt H&P	1.84	14	2	28½	28½	28½	-⅜
Phil LD	0.23	19	532	70⅝	69	69	-1⅝
Pittway A	0.50	20	20	37¾	37½	37¾	
Ply Gem x	0.12	25	152	19⅞	19⅝	19¾	-¼
PMC	0.80	17	40	14⅞	14¾	14⅞	
PresidioA	0.10	1	92	1⅝	1 9/16	1 9/16	
RaganBrad		31	2	29	28½	29	
RBSW Cp		3	15	6⅞	6¾	6⅞	-⅛
RiedelEnv		0	149	1⅞	d1½	1½	-1/16
SJW Corp	2.10	10	5	36¾	36¾	36¾	
StrulJohn		16	198	18¾	18⅜	18⅜	-⅜
Stad El	0.04	14	128	13⅛	12⅝	13⅛	+½
TII Ind		21	67	3 11/16	3⅝	3⅝	
Tab Prods x	0.20	54	13	9¾	9¾	9¾	-⅛
Tel&Data	0.36	58	378	40⅛	39¼	39½	-¼
Thermedics		65	339	14⅝	14¼	14⅜	+⅛
Thermoins		31	718	29½	29	29¼	-⅛
TotPtNA	0.20	22	544	15⅝	15¼	15⅝	+¼
TownCntry		0	106	2½	d2 7/16	2 7/16	-1/16
Triton		9	3	1 5/16	1 5/16	1 5/16	
Tubos Mex		19	399	5⅛	4 15/16	5⅛	+⅛
TurnrBcA	0.07	65	54	17⅝	17⅜	17⅜	
TurnrBcB	0.07	1782	1183	17⅝	17¼	17⅝	+⅛
UtdFoodsA		5	92	2¼	2 3/16	2 3/16	-1/16
UtdFoodsB	0.20	112	74	2¼	2¼	2¼	-1/16
UnivPats		18	124	6⅝	6⅜	6½	-⅛
US Cellul		94	127	27⅝	27¼	27½	+¼
ViacomA		22	337	29⅞	29¼	29½	-¼
ViacomB			517	28⅝	28	28¼	+⅛
Wanhcsfd		25	2900	10⅞	10⅝	10⅝	+⅛
Westamer	0.60	24	313	28¾	28⅜	28½	
WRET	1.12	19	106	13½	13⅜	13½	+⅛
Worthen	0.80	12	971	u27⅝	25	27¼	+2½
Xytronix		4	62	4 1/16	3¾	3⅞	-3/16



NASDAQ NATIONAL MARKET

4 pm close May 20

FT GUIDE TO THE WEEK

23 MONDAY

Germany elects president

The federal assembly, composed half of members of the federal parliament (the Bundestag) and half of deputies from the 12 state parliaments (Landtage) convenes in Berlin to choose Germany's next state president. The quest for a successor to the distinguished Richard von Weizsäcker (above) looks set to go through three full rounds of voting.

Roman Herzog, president of the constitutional court, is Chancellor Kohl's choice, and the man most likely to succeed. But Johannes Rau, the Social Democrats' nominee, is the popular choice, and could yet give him a run for his money.

Nigerian democracy: Local polling begins in Nigeria to elect 270 delegates to the national constitutional conference, due on June 27.

Campaigners for democracy have denounced the conference as a sham, as a ban on all political parties and associations is in force until 1995. Large parts of southern Nigeria are expected to boycott the polls and the conference.

UK economy: The deficit with non-European Union countries is expected to have widened slightly to £700m in April, from £675m in March.

While the UK's trade deficit has been broadly stable in money terms over the past few months, the trend of import and export volumes has deteriorated. Some analysts see that as a worrying sign, although doubts remain over the accuracy of the figures, particularly the price/volume split.

Crimea: Victor Chernomyrdin, the Russian prime minister, meets Ukrainian counterpart, Yefim Zvyagilsky, in Moscow to discuss the worsening situation in Crimea. The Crimean parliament voted on Friday for virtual independence from Ukraine.

Douglas Hurd, UK foreign secretary, is also in Moscow to meet Mr Chernomyrdin and Russian president Boris Yeltsin.

Romania issues a 10,000 lei (US$6) banknote after three years of triple digit inflation. Before the end of communism in 1989, the largest denomination banknote was 100 lei.

Tennis: The French Open begins at Stade Roland Garros in Paris (to June 5).

Holidays: Austria, Belgium, Denmark, France, Germany, Hungary, Luxembourg, Netherlands, Norway, Sweden, Switzerland (Whit Monday). Canada (Victory Day). Egypt, Jordan, Kuwait, Pakistan, Saudi Arabia, Syria, (Eid al-Adha). Morocco and Turkey.

24 TUESDAY

Russia outlines Nato policy

General Pavel Grachev, Russia's defence minister, visits Nato headquarters in Brussels. He will give a speech which is expected to present Russia's new military doctrine and lay out the terms on which his country wants to co-operate with Nato in such areas as peace-keeping and the exchange of know-how.

Baltic Council foreign ministers gather for a two-day meeting in the Estonian capital, Tallinn. Worsening relations between Estonia and Russia will be on the agenda. The ministers will also discuss joint initiatives including the so-called "Eurofaculty", the Riga-based university specialising in law and economics, and the Via Baltica motorway to link Helsinki and Warsaw.

The Council, set up in 1992, includes Germany, Denmark, Sweden, Finland, Norway, Poland, Russia, Lithuania, Latvia, Estonia and the European Commission.

South African president Nelson Mandela makes a state of the nation speech to a joint session of the two houses in the new all-race parliament. Following a cabinet meeting on Monday he is due to set out plans for spending on reconstruction and development.

EU fraud: Jo Carey, a former official in the UK Treasury who worked for nine years at European Court of Auditors, the EU's financial watchdog, is quizzed at Westminster by the House of Lords European Affairs Committee on the extent of EU fraud.

UK competitiveness: Plans to privatise the Civil Aviation Authority's air traffic control services are expected to feature in a government white paper on competitiveness out today.

BBC strike: A series of twice-weekly strikes by journalists and technicians starting today could hit the programmes of both BBC World Service Radio and World Service Television as well as live programmes in the UK. The stoppages could last for 24 hours – or 10 minutes.

The immediate cause of the dispute is plans for performance-related pay and for different rates of overtime pay and allowances in different parts of the Corporation.

Chelsea Flower Show:

The Royal Horticultural Society's annual bash opens to members, after a royal gala opening on Monday. Open to non-members from Thursday. It finishes on Friday.

Holidays: Ecuador (Independence Day). Jordan, Pakistan, Saudi Arabia, Syria (Eid al Adha). Thailand, Turkey.

25 WEDNESDAY

Greenspan on derivatives

Alan Greenspan, chairman of the US Federal Reserve, and Arthur Levitt, chairman of the Securities and Exchange Commission, today give evidence to a Congressional hearing about the impact of derivatives on financial markets.

Last week, regulation of derivatives (financial instruments such as swaps and options) was criticised in a report to Congress from the General Accounting Office. The report said that inadequate regulation posed a threat to the US and international financial system.

Argentina's constituent assembly convenes to begin rewriting the country's constitution. The main aim is to lift the 1853 constitution's ban on successive presidential terms, allowing President Carlos Menem (below) to stand for re-election next year.

An agreement that Mr Menem's Peronist party signed with ex-president Raúl Alfonsín's opposition Radical party last December ensures that this and other reforms strengthening the legislature and judiciary will be passed by a big majority.

Energy ministers from the European Union meet in Brussels to discuss the direction of energy policy. They will discuss energy liberalisation and the introduction of competition into the supply of electricity.

Nato defence ministers consider the future of the alliance against a background of uncertainty over its post-cold war role. There are differences over Nato's role in Bosnia, and over how far it should go in extending security guarantees to former members of the Warsaw Pact.

Labour's National Executive Committee meets in London to decide the timing of the leadership contest following the death of John Smith.

The Tokyo Stock Exchange holds a general meeting to elect Mitsuhide Yamaguchi, ex-president of the Export-Import Bank of Japan as president.

UK National Lottery: The winner of the contest to run a lottery that could have revenues of £3bn-£4bn within the next few years will be announced. Bids were accepted from eight consortia for the private sector lottery, designed to raise money for the arts, charities, a millennium fund, the national heritage and sport.

FT Surveys: Ireland and Tennessee.

Holidays: India (Bombay only), Indonesia, Jordan (Independence Day), Malaysia, Saudi Arabia, Singapore, Sri Lanka, Zimbabwe.

26 THURSDAY

Quest for a stable Europe

Foreign ministers from most European countries, the US and Russia are expected in Paris for the formal opening by France's prime minister Edouard Balladur of "the conference on European stability" (to May 27). Mr Balladur proposed the idea a year ago as a means of trying to prevent "a second Yugoslavia" in other parts of central and eastern Europe. The aim of the conference, chaired by the EU presidency, is for countries to reach accords of "good neighbourliness", settling frontier and minority differences.

Finns into Europe: Two decisions affecting Finland's hopes of joining the EU next January will be taken today. The government will set a date for a referendum on EU membership, and decide on how to compensate the country's agriculture and food industries for adjusting to EU price levels.

The poll is likely to be in October before similar votes in Sweden and Norway. This would secure the voting sequence seen as the best way of bringing all three Nordic states into the EU. Support for membership is strongest in Finland and weakest in Norway.

Russia's foreign minister Victor Chernomyrdin begins a trip to Beijing (to May 29) to discuss trade and security issues, including North Korea's reluctance to allow international inspections of its nuclear facilities.

The Bundesbank council's last meeting, on May 11, saw a cut of half a percentage point in the key Lombard and discount rates, to 4.5 and 6 per cent respectively. As a result, traders are not expecting today's meeting to lead to a rate change, especially after Hans Tietmeyer, the Bundesbank president, said last week that "as far as central bank interest rates are concerned, the horizon has now been cleared for a fairly long time".

Saleroom: Sotheby's auction of musical manuscripts contains a great rarity: a small calf bound volume containing the only keyboard music surviving in the hand of Henry Purcell, the late 17th century English composer. Found last year in another auction house in a bundle of music, it is considered to be the greatest British musical discovery of recent years.

Among the 21 pieces are hitherto unknown works and Sotheby's anticipates bids around £300,000. Purcell is one of the few British composers with an international reputation, and attributed music of this early date is extremely rare.

FT Surveys: International Capital Markets and Brazil.

No entry: a UK bill to ban discrimination against the disabled failed to pass through parliament on Friday

27 FRIDAY

Solzhenitsyn returns home

Alexander Solzhenitsyn, Russia's greatest living writer, returns home after 20 years in exile.

The 75-year-old Nobel laureate will fly to Vladivostok from Alaska and then travel across Russia to re-acquaint himself with his homeland.

Fed chairman Alan Greenspan testifies on monetary policy before a Congressional hearing.

The same morning the US Commerce Department releases preliminary GDP figures for the first quarter. Little change is expected from its initial estimates of 2.4 per cent.

The Keidanren, Japan's Federation of Economic Organisations, holds a general meeting to elect Shoichiro Toyoda, chairman of Toyota, as its new chairman.

Bath Music festival begins (to June 12). The theme "Ancient Echoes" links modern music with music of the past. Henryk Gorecki and Michael Nyman are the featured 20th-century composers.

FT Surveys: Relocation in the UK.

Holidays: Sri Lanka.

28-29 WEEKEND

Hungary goes to the polls

The second and decisive round of Hungary's parliamentary elections takes place on Sunday. The Hungarian Socialist Party, successor to the communist regime, took a commanding lead in the first round and is poised to win an absolute majority.

Colombians vote in the first round of presidential elections on Sunday. If no candidate wins a majority, there will be a run-off on June 19. Opinion polls put the Liberal Ernesto Samper and the Conservative Andres Pastrana very close, with the other candidates trailing far behind.

Glyndebourne Opera House, near Lewes in Sussex, re-opens on Saturday in its new £33m auditorium with a performance of Mozart's *Le Nozze di Figaro*, the opera with which it was launched 60 years ago.

Motor racing: The Spanish Grand Prix takes place in Barcelona, while the Indianapolis 500, part of the Indycar World Series, is run in Indianapolis, Indiana.

Compiled by Patrick Stiles and Ian Holdsworth. Fax: (+44) (0)71 873 3194.

ECONOMIC DIARY

Other economic news

Wednesday: The governor of the Bank of England, Eddie George, gives evidence on the Bank and the UK economy to the Treasury select committee.

UK gross domestic product figures are expected to confirm an earlier estimate that the economy grew by 0.7 per cent in the first quarter.

The National Institute of Economic and Social Research publishes its latest economic forecast.

Friday: The Confederation of British Industry's monthly industrial trends survey will provide further evidence of the strength of the UK recovery. One key indicator will be domestic orders, which may have been affected by April's tax increases, but analysts will also scrutinise the balance of companies which intend to raise prices. Previous surveys have shown little sign of inflationary pressure.

Japanese inflation has been phenomenally low for some time, but Morgan Grenfell is expecting the Tokyo May data to disappoint, with the annual rate moving up to 1.2 per cent. The market consensus, however, is 0.8 per cent, both for the May Tokyo figure and for the April whole nation inflation rate.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	UK	Non EC trade bal April	-£700m	-£675m
May 23	Italy	CPI Cities**	4%	4%
Weds	US	Apr durable goods orders	1%	0.8%
May 25	US	Apr durable goods shipments	-	0.7%
	US	Apr existing homes sales	-	4.08m
	Fr	Apr household construction*	0.5%	0.7%
	UK	Mar GDP revised**	0.8%	0.8%
	Aus	Priv cap expenditure (Q1)	3%	3%
Thur	US	Initial claims w/e May 21	-	367,000
May 26	US	State benefits w/e May 14	-	2.7m
	US	M1 w/e May 16	-	$3.6bn
	US	M2 w/e May 16	-	$6.7bn
	US	M3 w/e May 16	-	$2.1bn
	Jap	Mar cons spending**	-	-0.5%
	Jap	Mar workers' spending**	-	-1.6%
	Jap	Mar workers' income	-	-1.1%
Fri	US	Q1 GDP preliminary	2.5%	2.6%
May 27	US	Q1 post-tax profits	-	7.9%
	US	May Michigan	-	91.5
	US	Apr exp price index	-	0.2%
	US	Apr imp price index	-	0.0%
	Jap	May CPI – Tokyo**	0.6%	0.8%
	Jap	Apr CPI – national**	0.8%	1.3%
	Jap	Apr retail sales	-2.2%	-3%
	Can	Apr ind prod price index	0.5%	0.4%

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
During this week...				
	Germany	Mar trade bal	DM7bn	DM5.7bn
	Germany	Mar current account	DM-1bn	DM-4.8bn
	Germany	M3 Apr (from Q4 base)	13.4%	13.4%
	Germany	May COL** Baden Wuertt	-	3.1%
	Germany	May COL** North Rhine/W	-	3%
	Germany	May COL* North Rhine/W	-	0.2%
	Germany	May COL** Hesse	-	3.2%
	Germany	May COL** Bavaria	-	2.9%
	Germany	May COL* Bavaria	-	0.3%
	Germany	May COL national (preliminary)**	3%	3.2%
	German	May COL national (preliminary)*	0.2%	0.3%
	Germany	Apr ICON construction climate	-	82
	Germany	IFO business climate	-	95.4%
	Germany	Apr imp prices	-	-0.6%
	Italy	Apr bal of payment	L-1.6tn	L-2.3tn
	Italy	Apr official reserves	L92.5tn	L92tn
	Italy	Apr M2**	7.3%	7.1%
	Italy	Apr bank lending	-1.4%	-2.3%
	Belgium	May CPI**	2.4%	2.4%
	Denmark	Apr CPI**	1.7%	1.7%
	Norway	May unemployment rate	5.1%	5.1%
	Swiss	May CPI Federal**	0.9%	1%
	Finland	Apr trade bal	Fl3.3bn	Fl2.7bn

*month on month, **year on year

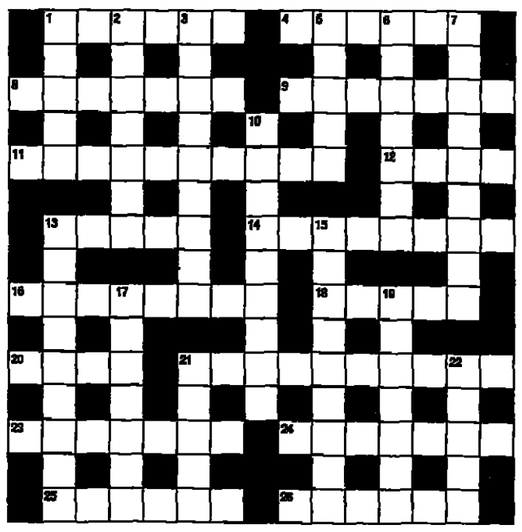
Statistics, courtesy MMS International.

ACROSS

1 Order about a quarter after last month (6)
4 Standing order (6)
8 Returned books to teacher taking diner's order? (7)
9 Order book (7)
11 Order uniform – it's needed by July 4th (10)
12 Result of putting notes in order? (4)
13 Order to cricketers to continue supplying staff? (5)
14 May result in an incorrect order in writing (8)
16 It's usually suspended, always in date order (8)
18 Order from magistrates may find you here! (5)
20 Order cordial? (4)
21 Order which made Terry faint, perhaps (10)
23 Team needs vehicle – order it from the bar (7)
24 They order him to "go to blazes"! (7)
25 Order Sally to stop everyone leaving (6)
26 Business order prepared before the meeting? (6)

DOWN

1 Push right inside a seedy club (5)
2 Leading commentator right to quote ruined game (7)
3 Coach and first eleven in scrap when going by rail (9)
5 Small people drive off from here to New York (5)
6 Plays with present – a top toy – inside (7)
7 Still housed in filthy places for a time (9)
10 Which protects people from unpleasant blows? (9)
13 See if a bit off gladdens! (9)
15 Hiding underground gets in before midnight (9)
17 The Parisian sends bust round, unbroken (7)
19 Sailors left advance payment on top of light case (7)
21 Behind RAF mess is Griffin's skeleton (5)
22 A regiment takes it up with a crown (5)



MONDAY PRIZE CROSSWORD

No.8,460 Set by GRIFFIN

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday June 2, marked Monday Crossword 8,460 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday June 6.

Name.....

Address.....

Winners 8,448

P. Bush, Saffron Walden, Essex
M. Brittenden, London W2
P.G.M. Dunn, Bulls Green, Herts
B.R. Lawrence, Frettenham, Norfolk
Mrs J.A. Nock, Quinton, Birmingham
D. Parsons, Cyncoed, Cardiff

Solution 8,448

E	I	G	H	T	E	E	N		A	F	F	I	R	M
N		R		E		Q				U		L		A
A	C	A	N	T	H	U	S		S	T	O	L	E	N
M		S		H		E				U		I		D
E	X	P	R	E	S	S	O		K	R	O	N	E	R
L		S		R		T		F		I		O		A
					B	R	O	O	M	S	T	I	C	K
H		S		B		I		R		M		S		E
E	N	C	O	U	R	A	G	E	D					
B		A		N		N		C		C		B		F
R	E	N	E	G	E		L	A	B	O	U	R	E	R
I		T		A				S		L		A		I
D	R	I	L	L	S		S	T	A	L	L	I	N	G
E		E		O				L		I		N		I
S	C	R	A	W	L		R	E	V	E	R	S	E	D